

EXTENDING THE FRONTIERS OF ENGINE COMPONENT TECHNOLOGY

WORLD NEWS

White House move on Iran arms

The White House yesterday ordered staff to preserve all records for the Justice Department inquiry into the Iranian arms scandal.

Investigators are to try to establish whether National Security Council aide Lt Col Oliver North, sacked for his role in the affair, shredded documents relating to the diversion of profits from US arms sales to Iran to Contra rebels in Nicaragua.

The move is seen as an attempt to defuse speculation about senior officials' involvement. White House chief of staff Donald Regan denied knowing about the diversion. Back Page

Embargo admission
Chancellor Helmut Kohl of West Germany—which has signed agreements forbidding the sale of weapons to South Africa—is said to have considered selling submarines to Pretoria last year. Back Page

S Africa curbs tightened
South Africa tightened its five-month-old state of emergency, giving police commissioners power to ban any gatherings. Natal proposal, Page 2

Manila ministers quit
Philippines President Corason Aquino accepted the resignation of two Cabinet ministers and said a further reshuffle would follow. Page 3

Israeli treason charge
Nuclear technician Mordechai Vanunu was charged in Jerusalem with treason and spying. He allegedly told a British newspaper Israel was producing nuclear weapons. Page 2

BR fares to rise 5%
British Rail fares will rise by an average 5 per cent from January 11, the lowest increase for four years but above the current 3 per cent inflation rate. Page 4

Lebanon fighting
Palestinians and Shiite Muslims battled fiercely for control of the southern Lebanese village of Maghdousheh, ignoring a truce arranged by Syria, Libya and Iran.

School reform delay
France's Government said it would reconsider education reform plans which have prompted big student protests. Page 2

No return for Keating
Australian Treasurer Paul Keating was at the centre of a tax row after admitting he had not submitted his 1985 return and was late with his 1986 return. Page 2

Roman roads unclogged
Areas of central Rome were sealed off for a day, in an attempt to fight traffic jams and air pollution which was only partly successful. Page 2

One-party system
A referendum in the Central African Republic has endorsed a one-party constitution under which Andre Kolingba, who seized power in 1981, will be head of state for six years.

Higgins goes down
Steve Davis beat Alex Higgins 9-3 in the Tennents UK Snooker Championship in Preston and will play in the final against Neal Foulds, who beat John Parrott 9-3. Weekend FT, Back Page

Falling dollars
A Los Angeles police bomb squad was showered with \$20 (£1.4m) in bank notes after blowing up three suitcases they thought held explosives.

MARKETS
DOLLAR
New York: DM 1.9715
FR 6.4575
SFR 1.6415
Y161.55
London: DM 1.973 (1.989)
FR 6.4625 (6.5175)
SFR 1.642 (1.66)
Y162.0 (162.7)
Dollar index 110.0 (110.5)
Tokyo close Y162.2

US CLOSING RATES
Fed Funds 6 1/2 %
3-month Treasury Bills: yield: 6.53 %
Long Bond: 10 1/2 % yield: 7.4 %

GOLD
New York: Comex February \$394.3
London: \$389.25 (\$383.5)

BUSINESS SUMMARY

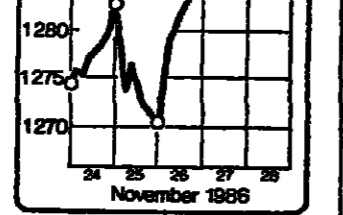
Japan faces more trade pressure

BRITAIN and the EEC will step up their already considerable pressure on Japan to open its markets, Trade and Industry Secretary Paul Channon indicated in Tokyo.

He said progress had been made on specific trade issues during his four-day visit. The European Commission was preparing cases of unfair trade practices by the Japanese in addition to current disputes over wines and spirits and ski equipment. Back Page

JAPAN'S trade surplus in October was the second highest registered, showing little sign of any correction in the trade imbalance with the West. Page 2

EQUITIES trading was thin, with investors restrained ahead of the British Gas issue. FT Ordinary Share Index closed 6.2 higher at 1,292.2. This gave a



rise of 18 points over the week, during which problems with the Seaq information system continued. Page 11

DOLLAR fell to around its lowest levels the year on news that the construction of the Reagan Administration in the light of the Iran arms affair. The currency closed 1.6 pennings down at DM 1.973 in London before weakening to DM 1.9715 in New York. Money Markets, Page 11

MATSUSHITA Electric is to make the largest investment in China for a Japanese company through the construction of a \$100m (£69.5m) colour television components plant in Peking. Back Page

BANK of France announced money supply growth targets and measures to control banks which are to be implemented at the end of this year. Page 2

HANG SENG index on the Hong Kong stock market topped 2,400 for the first time, closing more than 64 points up at 2,418.75, in response to the reorganisation plans unveiled by trader Jardine Matheson. Page 10

SINGAPORE creditors of Nations Bank of Brunei held talks over their exposure after the announcement by the Brunei Finance Ministry that the bank would not reopen. Page 9

AVON RUBBER, tyres and industrial polymers group, has called for 730 voluntary redundancies at two Wiltshire plants. Page 4

LONRHO and Dalhold Investments, holding company of Australian entrepreneur Alan Bond, jointly guaranteed to underwrite £700m for Britain's direct broadcasting by satellite venture. Page 4

FERRANTI, electrical and electronic engineer, raised pre-tax profits by 16 per cent to £21.9m in the first half. Orders were up 30 per cent. Page 8; Lex, Back Page

PPL, software package supplier which expects a pre-tax loss for the year, had trading in its shares suspended at its request. Page 8

Calls for Thatcher statement after spy-book admission

BY PETER RIDDELL IN LONDON AND CHRISTOPHER SHERWELL IN SYDNEY

THE BRITISH Government yesterday plunged into further political embarrassment and a barrage of Opposition criticism following an admission by Sir Robert Armstrong, Cabinet Secretary, that he had misled the Australian court dealing with the M15 spy-book case.

This change was at the insistence of Sir Michael Havers, the Attorney General, at a meeting with Mrs Thatcher on Thursday.

Mr Neil Kinnock, Labour leader, Dr David Owen, Social Democratic Party leader, and Mr David Steel, Liberal leader, all demanded a full statement from Mrs Thatcher about key decisions taken.

Sir Robert said he had unwittingly misled the court previously in indicating that Sir Michael had taken part in the decision not to seek to restrain publication of Mr Chapman Pincher's 581-page book 'Trade is Treachery'. Sir Robert said the Prime Minister had

been involved in the decision. It is unclear whether the admission will damage irreparably the British case, in which the Government is seeking a permanent injunction against Heinemann Australia, the publishers, to prevent publication of memoirs by Mr Peter Wright, a retired M15 agent living in Tasmania.

However, it casts a new light on the circumstances under which the Government decided

not to stop publication of Mr Pincher's book, which revealed that Sir Roger Hollis, a former head of the M15 counter-espionage service, had been investigated as a possible Soviet mole. It also raises further questions about the Government's alleged inconsistency towards disclosure of secret information.

The Government contends that it had no basis for restraining publication of Mr Pincher's book because it could not admit

to having a text and had not identified the book's sources. The defence has argued that the book was the result of an inspired leak, designed to get its version of the Hollis affair into the public domain. On the day it was published Mrs Thatcher made a statement to the Commons confirming that Sir Roger had been investigated and maintaining there was no proof he was a double agent.

Continued on Back Page Patient judge, Page 2

Teachers bill allows regional pay variation

BY DAVID BRINDLE, LABOUR CORRESPONDENT

THE GOVERNMENT plans to take powers enabling it to introduce regional variations into teachers' pay rates, in the first clear attempt to introduce such a system in the public sector.

The move, outlined yesterday in a bill which sets out to abolish the Burnham pay negotiating machinery for teachers in England and Wales, follows recent pressure by ministers on employers to tie pay rates more closely to local labour market conditions.

The initiative is certain to cause further friction over teachers' pay at a time when the local authority employers and teaching unions are poised to discuss changing their weekend salary and conditions agreement to appease the Government.

Mr Doug McAvoy, deputy general secretary of the National Union of Teachers, said last night: "This would set the clock back decades. It would nullify the principle that teachers should be paid as professionals on national pay

scales." The proposals, as set out in the Teachers' Pay and Conditions Bill, would enable the Education Secretary to impose pay and conditions awards by statutory instrument and to make different provision for different cases, including different provision for different areas. It was unclear yesterday how soon ministers envisaged introducing pay variations.

Under the Burnham system, negotiators can agree only national pay scales except for premiums for teachers in three specified zones in and around London.

The bill would replace Burnham with an advisory committee on teachers' pay and conditions. This would be made up of between five and nine government appointees who would make recommendations to the Education Secretary in the light of "financial or other constraints" set by the minister.

The employers and unions would be able to make repre-

British Gas sale set for strong response

BY RICHARD TOMKINS

BRITISH GAS appeared last night to be on course for a strong response to its £5.6bn offer for sale.

N. M. Rothschild, the merchant bank in charge of the flotation, said more than 1m applications had been received since the offer opened on Tuesday. The atmosphere at the new issues department of National Westminster Bank, the lead receiving bank to the issue was of calm before the storm.

The number of applications received so far is substantially higher than the figure reached by TSB at the same point in its flotation two months ago. TSB eventually received 5m applications.

A recent survey by National Opinion Poll found 5.6m people definitely planned to invest in British Gas and that another 4.1m probably would. The tally so far suggests these predictions are likely to be fulfilled.

The average value of shares being sought by each applicant is higher than expected, at about £1,100 compared with the £750 forecast. This is almost certain to trigger the claw-back provision, giving the British public a larger slice of the allocation at the expense of overseas and institutional investors.

The most popular multiples of shares being applied for is between 100 and 500, with the low thousands and over 10,000 also well represented.

The good response from overseas as well means some markets may be left feeling starved of shares. Mr John Plaxton, a senior partner at Wood Gundy, the lead manager of the Canadian offering, said yesterday the Canadian allocation was already more than 10 times subscribed.

The number of applications received with only two more working days to go before the close of the offer on Wednesday morning may look small but it appears to reflect the desire of most investors to hold off until the last possible moment for fear the offer will go wrong.

However there are no signs of hitches so far. The price of the partly-paid 50p shares

firmly 2p to 62p yesterday in the unofficial market being made in advance of stock market dealings. The bulk of the applications is therefore probably still to come.

NatWest has drafted in 1,500 extra staff for the expected rush. Nine hundred of them are in Bristol, where applications on the green and orange personalised forms are being logged on a computer, with 600 in Whitechapel, east London. Application forms from newspapers and prospectuses are being sorted manually there.

Most of the staff are temporary and have been recruited through private agencies, but NatWest has also had to bring in some of its own employees from other branches and accommodate them in local hotels.

At Whitechapel yesterday, dozens of orange crates packed with application forms were being emptied, and their contents sorted and counted. However, the long rows of metal racks waiting to be stacked with bundles of forms were still mostly empty.

One team was working full-time sorting out invalid applications. The most common mistakes were incorrect denominations of shares and people signing on behalf of others without enclosing the necessary power of attorney.

A man claiming to be Sid had completed the section asking how many shares he wanted to apply for with the words "the lot." However, his application had to be rejected because he had failed to enclose his £5.6bn cheque.

In one corner of the room sat a shadowy figure in total isolation save for the companionship of a computer terminal and a stack of application forms. An approach in his direction was barred, for this turned out to be the man from Touche Ross, the accountancy firm attempting to sniff out multiple applicants.

Don't take it for granted Sid and Editorial comment Page 6; More in Weekend FT.

Gorbachev criticises US breach of Salt 2 terms

BY PATRICK COCKBURN AND JOHN ELLIOTT IN NEW DELHI

MR Mikhail Gorbachev, the Soviet leader, said yesterday that the US had "demonstrated contempt" for arms reduction agreements by exceeding the limits on the deployment of nuclear weapons.

The Soviet leader's comments came as the US put the 131st cruise missile-carrying B-52 bomber into service—more than allowed under the never-ratified Salt 2 arms agreement.

Mr Gorbachev, speaking at the end of a four-day visit to India, said the US move was a significant mistake which would make disarmament negotiations more difficult.

Concern was also evident in Europe, where West Germany expressed disapproval of the US action but urged outright criticism and said it hoped radical arms cuts would soon make the Salt 2 agreement irrelevant.

"The Federal Government believes that both superpowers should adhere to the agreed-upon upper limits on strategic weapons systems," Mr Friedrich Oet, the chief government spokesman, said yesterday.

In the US leading congressional Democrats were openly critical of the US move.

Mr Les Aspin, chairman of the House armed services committee, said exceeding the limits of the treaty was "a very bad decision" and accused President Ronald Reagan of undertaking the move in order to "shore up" his standing with the right wing.

Mr Gorbachev said he had not been told officially of the US decision, but it contradicted the logic of his talks with President Reagan in Reykjavik.

A Soviet spokesman in Moscow has said the Soviet Union is considering its response.

Speaking a day after he and Mr Rajiv Gandhi, the Indian Prime Minister, signed the Delhi declaration on abolition of nuclear weapons, Mr Gorbachev said the two leaders saw "eye to eye in our belief that the primary task is to rid humanity and the world of nuclear weapons."

Since the failure of the Reykjavik summit in October, the Soviet leadership appears to have decided that an agreement on nuclear arms reduction with President Reagan's Administration is no longer feasible.

Mr Gorbachev is therefore eager to gain the support of non-aligned democratic countries for his summit position. It is in this context that the Delhi declaration is specially important because India is a leader of the non-aligned movement.

However, in spite of this alignment with India, Mr Gorbachev refused in yesterday's

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Don't take it for granted Sid and Editorial comment Page 6; More in Weekend FT.

WEEKEND FT



SAILING
Big money and tireless design have transformed worldclass yachting. Race by race, the Australian Kookaburra team is still outstripping all comers in the America's Cup Page 1



BRITISH GAS
Simple errors in application forms will exclude many hopeful buyers. Tell Sid to use our check list Page IV



CHRISTMAS
Weekend's special report on Christmas food and cheer—including cigars Page XII to XV



BOOKS
Our reviewers pick their Books of the Year Page XVIII

Tarmac in \$225m US deal

BY NIKKI TAIT

TARMAC, construction and quarrying group, yesterday made its biggest US acquisition when it agreed to pay \$225m (£158m) for a 60 per cent stake in a joint venture with Lone Star Industries, America's largest cement producer.

The deal, in the form of a vendor placing will give Tarmac a holding in Tarmac Lonstar, a new company into which Lone Star is injecting certain assets. These range from stone quarries and sand and gravel operations, to a cement manufacturing plant, and are based in Virginia and North and South Carolina.

Lone Star will hold the remaining 40 per cent interest, but Tarmac has an option to acquire that by 1990 for \$150m, the same price proportionately as it is paying for the current stake.

Tarmac said it had earmarked the south-east US as an area in which it wanted to expand and yesterday's deal is the latest in a series of US acquisitions.

The first came in 1980 when it purchased some Florida interests from Lone Star. There have been a number of subsequent acquisitions in Texas and earlier this week Tarmac announced a \$22.5m cash deal for California-based Massey Sand and Rock.

The assets involved in the latest transaction produced sales of \$194m in 1985 and made an operating profit of \$39m in the nine months to the end of

September, the figures were \$158m and \$33m respectively, and Lone Star has guaranteed that its 1986 operating profits will be not less than \$45m. If the operating profits fall below this level, Tarmac will receive a cash payment.

Assets of the new company will be not less than \$355m, of which Tarmac's share is \$201m. For Lone Star, the business involved in the deal represents about a quarter of its 1985 total assets, although on the cement side, the Virginia plant produces only one tenth of its total cement capacity.

At the end of last year, Lone Star had long-term debts of \$354m and has recently made a number of assets sales. Lex, Back Page

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Turner & Newall PLC

FINAL OFFER FOR
AE PLC

VALUE OF T&N FINAL OFFER:
(part share, part cash)
283.5p

VALUE OF ADDITIONAL SHARE ELECTION UNDER T&N FINAL OFFER:
(assuming full satisfaction of such an election)
288.5p

THE RENEWED OFFER IS FINAL AND WILL CLOSE AT 1.00 p.m. ON 8th DECEMBER, 1986 UNLESS IT IS THEN UNCONDITIONAL AS TO ACCEPTANCES.

ADDITIONAL SHARE ELECTIONS AND ADDITIONAL CASH ELECTIONS WILL NOT BE AVAILABLE AFTER 1.00 p.m. ON 8th DECEMBER, 1986 IN ANY CIRCUMSTANCES.

The values of the offer are based on the price of 185p per Turner & Newall ordinary share at 3.30 p.m. on 29th November, 1986.

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ANNUAL STATEMENT

Gr Universal Stores v

For London market and latest share index 01-246 8026; overseas markets 01-246 8086

Bank of France announces money supply targets

BY GEORGE GRAHAM IN PARIS

THE BANK of France yesterday announced its targets for the growth of the money supply next year...

The targets will form the framework for France's new monetary policy, which will be put into effect by acting on interest rates...

The policy will involve more active intervention on the money markets, and the Bank of France is adjusting its interest rates in preparation...

The repurchase rate will form the upper end of the range for money market interest rates...

Mr Michael Camdessus, the Governor of the Bank of France, set a target of 3 per cent to 5 per cent growth in M3...

Students to march again

BY DAVID HOUSEGO IN PARIS

FRENCH students decided yesterday to hold another protest march next Thursday...

The bill which takes a modest step towards providing more selective entry for universities and making them more self-financing...

Politicians and commentators have been amazed that Mr Jacques Chirac's Government has allowed itself to get so entangled in a web from which an honourable exit would be difficult.

Legal Notices

No. 008232 of 1986 IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION IN THE MATTER OF SEDGWICK GROUP PLC AND IN THE MATTER OF THE COMPANIES ACT 1985

No. 007772 of 1986 IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION IN THE MATTER OF OPTIM COMPUTER GROUP LIMITED and in the Matter of the Companies Act 1985

Art Galleries

MARLBOROUGH, 5, Albenarle St. W1. PAUL CIGNAC, 90 Drawings and Watercolours, 4, Grosvenor Hill, SW1



Mr Paul Keating

Australia's chief taxer fails to file his return

By Chris Sherwell in Sydney

MR PAUL KEATING, Australia's tax-reforming Treasurer and the mainstay of the Labor Government's economic policy, was yesterday accused of failing to file his tax return.

He was forced to admit to Parliament on Thursday night that he had neglected to submit his personal tax return for the 1985 fiscal year and was overdue on his 1986 return.

He described it as an oversight, and admitted he had been busy. In support, Mr Keating said yesterday it was a fault but not one of immense consequence.

But the opposition coalition thought otherwise and, seeing the likely public indignation, called on Mr Hawke to sack Mr Keating and attacked the Treasurer through a censure motion in Parliament.

Mr John Howard, the Liberal Party leader, said there was "absolute fury that the highest-taxed, most abusive, most arrogant, most self-righteous treasurer that this country has ever seen has the unbelievable contempt for the people who elected him to imagine that he could thumb his nose at the very standards he has demanded of the throats of the Australian community."

At one point yesterday the Canberra Parliament was in uproar, but the Labor Government used its majority to defeat the censure motion.

A short while ago, Mr Keating also came in for criticism because he had received large sums of money in travel allowances, claimed on the basis that he lived in Sydney, Mr Keating rents a house in Canberra.

Mr Keating duly submitted his 1985 return to the tax office yesterday, paying more than was necessary, and said he expected a refund rather than a fine.

Syria expels Bonn diplomats

SYRIA yesterday ordered three West German diplomats to leave, following similar measures by Bonn because of alleged support by Syria of terrorism.

The Government of President Hafiz Assad also said it was withdrawing its ambassador from Bonn until further notice and cutting the number of West German military attaches in Damascus.

Two Palestinians convicted this week of the bombing on March 29 of the German-Arab Friendship Society in West Berlin said they got the explosives from the Syrian embassy in East Berlin.

WICKHAM, GRAHAM & JONES, 121 Mark Lane, London EC3R 8AU, Solicitors for the Company.

No. 007078 of 1986 IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION IN THE MATTER OF THE STERLING PUBLISHING GROUP PLC AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice, Chancery Division, dated 3rd November 1985 confirming the cancellation of the Shares Premium Account of the above-named Company of £569,635 was registered at the Registrar of Companies on November 15th 1985.

Chris Sherwell in Sydney profiles the man hearing the MI5 spy book case

Patient judge finds Britain trying

"I LEARNED a great lesson from Powell," says a barrister of the judge hearing the controversial MI5 spy case in Sydney.

It is a comment which throws into dramatic relief the stringent remarks made by Mr Justice Philip Powell this week as the British Government campaigned in the New South Wales Supreme Court to suppress the memoirs of a former MI5 agent.

"Powell's a good fella," declares the barrister, who worked closely with Mr Powell before he was elevated to the bench. "He's very controlled. If he speaks out, it's not so much because he's angry, but because he thinks someone's not behaving properly."

In the 10 days of court proceedings so far, and during long preliminary exchanges in court before, Mr Powell has found many occasions to complain about the British Government's attitude and conduct in the case, but few people have faulted his perception.

He possesses, aged 56, a Rumpole-like image. He has the burliness of a former athlete, a thick silver moustache and grey sideburns to complement his simple wig, large black-rimmed spectacles to offset his ruddy complexion and a jovial countenance.

He speaks with a gravelly voice and in a deliberate tone. Though inclined occasionally to murmur his words, he is also given to a pithy sense of humour when the occasion warrants it.

When Malcolm Turnbull, the young defence counsel for Mr Peter Wright, and his publishers Heinemann Australia, submitted a mass of books, articles and other material for Mr Powell to consult as evidence, his response was typical.

"I'd like to remind you, Mr Turnbull, that in 13 years, 11 months and 14 days, I reach the statutory age of judicial senility," he declared. On other occasions he has volunteered information on his nightly progress in reading the "eye-glazing" material before him.

He has also allowed others to leave the seriousness. In the many days of cross-examination by Mr Turnbull of Sir Robert Armstrong, the British Cabinet Secretary, each has managed to score light-hearted as well as serious points off the other.

But no one doubts that it is Mr Powell who ultimately counts. He is the man who has to balance the demands of confidentiality and national security in this case against those of democratic openness and the public interest.

It is a decision well within the means of this "Sydney boy" who studied at the local university and went on to become a junior and then a senior barrister.

He has represented the New South Wales State Government in complicated hearings on wage claims before the country's principal industrial relations commission, and has appeared more than once before the Privy Council in London.

He was reputedly a natural choice for elevation to the New South Wales Supreme Court bench in 1977, where he sits on its equity division. Though regarded by the profession as a good orthodox judge rather than a brilliant one, he is said to be hard-working and un-stuffy.

Indeed, in many ways the British Government ought to have been glad he was hearing their case, which at heart is an application by Britain for a permanent injunction against Mr Wright and Heinemann.

After all, here was a rather private, conservative man of military background who could be relied upon to follow procedure scrupulously. He also had a reputation for being worldly, unambitious and kindly. Given his sense of humour, there was little reason to think that his patience might be tested.

Yet that is what seems to have happened. Spectators in the unromantic setting of courtroom 8D have quickly learned to know when a complaint might be unleashed. It is prefaced with phrases like "I'm having a little difficulty..." or "Forgive me if I sound a

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little puzzled... Since then Mr Justice Powell has become "testy" and "piqued."

His most stinging rebuke came on Thursday, when he effectively accused the UK of trying to dictate how the court should proceed and refusing to accept judgments against it.

At issue was the question of whether he might be allowed to see sensitive government documents before deciding whether a related British claim of "public interest immunity" would apply.

This claim came after the judge had already ordered Britain to produce the documents no less than three times. Coupled with the British contention that even he ought not to see them and then a confusion flap over whether it would appeal against his decision, this finally caused something to snap.

Mr Powell said he couldn't predict from one day to the next what the British attitude was, showed strong resentment at the suggestion that he was not fit to inspect the documents and warned that the defendants were in danger of being subjected to the "greatest of injustices."

None of this means that the case will automatically go against Britain. On the contrary, there has been nothing in Mr Powell's remarks or judgments one way or the other to indicate which way he will finally decide the main issue.

But as Mr Powell might say in a country like Australia, and in a court case as absorbing and complex as this, that is as it should be.

record at \$8.72bn, against September's record of \$9.5bn. October exports went up by 17.9 per cent over last year's figure to an all-time high of \$18.87bn, squeaking past last year's record of \$18.74bn. Imports in the month fell 4.4 per cent from a year ago to \$10.1bn.

The October figure, however, was up from the \$8.9bn of imports in September, largely because of firmer energy prices. The continued trade imbalance is becoming more embarrassing to the Japanese, who have predicted that the sharp rise in the value of the yen would lead to a major restructuring of the economy and would reduce the country's huge trade surplus with the West.

However, even in yen terms, the trade imbalance persists, with exports down 14.4 per cent in October to ¥2,942bn but imports down 30.6 per cent to ¥1,582bn. The Japanese flow of capital abroad continued unabated in October, with the long-term capital account deficit hitting a new record of \$16.35bn compared to \$13.44bn in the previous month. The net foreign capital outflow in the month was \$5.24bn.

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Multi-racial government proposal for Natal

By Anthony Robinson in Johannesburg

PARTICIPANTS in the so-called "Indaba" on the constitutional future of Natal and Zululand yesterday voted by 24 to two, with three abstentions, in favour of a joint legislature for the white provinces and the Zulu homeland.

The constitutional proposals call for the province to be treated as one political unit on the basis of universal adult suffrage, a bill of rights and protection for minorities. They call for a provincial referendum, but approval would depend on the central government.

The proposals provide for a two-chamber legislature with wide powers, a provincial governor to be chosen by the State President, a 10-member cabinet and "cultural councils" to protect white and Asian interests of the province.

The proposed 100-member legislative assembly would be elected on a proportional representation basis while the 50 seats in the proposed second chamber would give equal weighting to the main African, Afrikaner, Asian and European ethnic groups, plus a fifth for those who prefer not to be represented on an ethnic basis.

Further guarantees for cultural and minority rights are included in the comprehensive bill of rights, published three months ago, and through "cultural circles" with the right to apply to the supreme court for judgment on the validity of laws affecting language, religion, traditions, customs and culture.

The prime minister would be the leader of the majority party in the first house with the right to appoint half the 10-man cabinet. The other half would be elected by an electoral college consisting of members of both houses. Given the Zulu majority in the region this would in effect mean a black prime minister for the province.

Professor Desmond Clarence, chairman of the Indaba, and former chancellor of Natal University, described the vote as "a watershed event which holds out great hope for the province and for South Africa."

The ruling National Party was represented at the negotiations by observers

ANC woman's jail sentence upheld

A South African white woman, described as an unrepentant terrorist, who has prepared to die for the outlawed African National Congress (ANC), was refused leave to appeal against a 25-year jail sentence. Reuter reports from Johannesburg.

Former journalist Marion Sparg, 28, convicted this month of treason and arson, was told by Rand Supreme Court Judge P. J. van der Walt she deserved the exceptionally heavy sentence. "She was sentenced for her lack of repentance and for what she did. Rehabilitation is out," the judge said.

Court boost for Argentine divorce bill

Argentina's Supreme Court has ruled unconstitutional an article in the 98-year-old civil marriage code which prevents separated couples from remarrying, writes Tim Coone in Buenos Aires.

The decision is expected to bring a flood of applications to the court for marriage annulments. The ruling is a major boost for the governing Radical Party, which has been trying for the past year to guide a divorce bill through Congress against determined conservative opposition backed by the Catholic church.

Fresh hopes for ban on chemical weapons

An international treaty banning chemical weapons production could be achieved next year, Mr Viktor Issraelyan, chief Soviet negotiator at a 40-nation disarmament conference, said yesterday, Reuters reports from Geneva.

Mr Issraelyan said the Soviet Union had accepted in principle a British proposal on how to check compliance. To try to reconcile divergences between Moscow and Washington over verification, Britain submitted a compromise offer to the disarmament conference last summer.

Financial Times, USPS No. 130640, published daily except Sundays and holidays. US subscription prices: \$35.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address change to FINANCIAL TIMES, 14 East 50th Street, New York, NY 10022.

A FINANCIAL TIMES SURVEY CHANNEL ISLANDS The Financial Times proposes to publish a survey on the above on WEDNESDAY DECEMBER 17 1986. For further information please contact: BRIAN HERON, Financial Times, Queen's House, Queen Street, Manchester M2 5HT, Tel: 061-2523333 or Tel: 061-524 3381. FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

Workers riot over Brazil austerity package

BY IVO DAWNAY IN RIO DE JANEIRO

BRASILIA—Brazil's futuristic capital—has been hit by the first rioting in its 26-year history. Public sector workers and slum dwellers united to protest against the Government's economic austerity package and the closure of several state agencies.

Eye witnesses said clashes between 4,000 police and demonstrators variously estimated at between 6,000 and 20,000 rapidly developed into a riot when the protesters attempted to march on the Planalto Palace.

The executive offices of President Jose Sarney. As smoke from looted shops mingled with tear gas, up to 50 demonstrators were injured and police carried out dozens of arrests. When clearing up began early yesterday, official estimates said 23 police vehicles, including cars, trucks and buses, had been burnt. At least nine shops and four banks looted and a post office attacked.

A much smaller demonstration in Rio de Janeiro led to minor clashes and arrests.

Israel files charges against N-technician

BY ANDREW WHITLEY IN JERUSALEM

MR MORDECHAI VANUNU, the 32-year-old Israeli nuclear technician who last month publicly disclosed the country's alleged nuclear weapons capability, was charged yesterday with treason and espionage, both offences carrying a mandatory life sentence.

The three-count indictment accuses the nuclear technician of aiding the enemy during a time of war, "aggravated espionage" and providing secret information to unauthorised persons.

The trial is expected to start in about a month and will almost certainly be held in camera, with only the final verdict being made public. The defence is unlikely to be permitted to see all the evidence presented by the State.

Shamir denies wrongdoing over Iran arms

BY OUR JERUSALEM CORRESPONDENT

ISRAELI yesterday defended itself vigorously against mounting charges in the US that it had been involved in extensive arms dealings with Iran, and had also helped provide the Contra rebels in Nicaragua with weapons.

Everything was done "correctly," and in accordance with Israel's national interests, Mr Yitzhak Shamir, the Prime Minister, said in a radio interview.

Responding to the outcry within the coalition government over the concealment of the Iranian arms sales from even the inner Cabinet, Mr Shamir promised a full Cabinet debate soon. Debate has been previously blocked on the grounds that its contents would rapidly become public.

The Government is most concerned about the possibility of a serious deterioration in Israel's relations with the US Administration and Congress, if it can be demonstrated that the \$3.3bn provided annually in civilian and military aid could be put at risk.

Mr Shamir's most pressing problem is how to respond to the reported desire of the FBI to interview senior Israeli officials and former officials thought to have been the key figures in supervising the arms and spare parts pipeline.

These individuals are Mr Amir Nir, the Prime Minister's counter-terrorism adviser, Mr Al Schwimmer, the founder of Israeli Aircraft Industries and a former special adviser to Mr Shimon Peres, the Foreign Minister, and Mr David Kimche, who until last month was the Director General of the Foreign Ministry.

Another Israeli the US Justice Department may well like to question is Mr Ya'acov Nimrod, a London-based arms dealer who served in Tehran as the Israeli airforce attaché until early 1979.

Both the Prime Minister and the Foreign Ministry said yesterday that no formal request to interview any Israeli official had yet been received.

Rome's traffic problem is not solved in a day

BY JOHN WYLES IN ROME

they could slip through the thin blue line of Vigil. But Rome's unique experiment in traffic control—a request to private drivers to leave their cars at home for the day—was by no means a dismal failure. Traffic did move more easily and this correspondent did manage to walk down the middle of the Via Del Corso at 10.30 am without sustaining injury.

The morning bus journey to work had been rich in symbolic and mischievous Roman imagery. At the Ponte Milvio, an armoured car was sited heading for the Centro Storico. On the Via Flaminia a vehicle parked with massive illegality was displaying a

for sale notice, and on the Lungotevere a perhaps over-zealous two-way truck sported a police car as its prize.

Clearly many people decided to stay out of the centre because they knew it would be closed. Certainly, this was the grumble of many shopkeepers. Commuters did not, apparently, resort in huge numbers to the bus fleet, whose number had been swollen by 184 nor to the 2,000 extra taxis.

In a country where reliable economic statistics come months after the event, the bus company distinguished itself by announcing in the early afternoon that its rush hour passenger traffic was up by 17.54 per cent.

Nevertheless, the experience did not match up to the traffic-free paradise—the day of silence, cleanliness, pedestrians and buses—which the local newspapers and politicians had promised.

Neither is it clear what it was all for. The idea was dreamed up by a Communist union leader one scorching July day when he thought he was expiring from traffic fumes. We shall all be running the same risk of intoxication next summer unless the Roman authorities can build a lot more car parks and enforce existing traffic regulations.

Israel files charges against N-technician

BY ANDREW WHITLEY IN JERUSALEM

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150

OVERSEAS NEWS UK NEWS

Two ministers quit as Aquino warns of further reshuffle

BY STEVEN BUTLER AND SAMUEL SENOREN IN MANILA
MRS CORAZON AQUINO, the Philippine President, yesterday accepted the resignations of two cabinet ministers...

Seoul's struggle for democracy falters

SOUTH KOREA'S political opposition flexes its muscles today in what is widely seen as a last-ditch effort to push for democratic reform. It has called a rally on a huge open plain in Seoul...

President Chun has outmanoeuvred South Korea's opposition, despite a giant rally planned for today, reports Steven Butler



Kim Dae Jung, hardliner

ably has enough votes in the Assembly to assure passage of a proposal to revise the constitution, which would then go to a referendum. But the Government also recognises that to pass a constitution without the support...

Nikki Tait reports on the increasing use of block switching of stocks to restructure portfolios Fund managers add programme deals to their armoury

JAMES CAPEL'S £300m programme deal for the Post Office Pension Fund hit the headlines on Wednesday on grounds of its size alone. But such trades— if scarcely commonplace—are fast becoming an essential part of fund managers' armoury.



Ralph Quartano: chief executive of Postel.

5 per cent. Just what it offered for Wednesday's package is obviously a well-guarded secret. Market rumours suggest that two corporate finance transactions—the £300m Philip Hill investment trust portfolio and County Banks pitch in helping Transatlantic Insurance take over Continental and Industrial Trust— took place at discounts of well under 1 per cent and nearer the 1 per cent level. On

a £300m portfolio, apparently being switched from lower to higher quality and involving perhaps 400 stocks, gossips mutter that Capel's overall spread might be around 1 per cent. What is certain is that terms on such deals have become finer post-Big Bang. Until then, barred from acting as principals, UK firms saw little of the action, and US investment houses—in particular Goldman Sachs and Salomon Brothers— enjoyed a clear run.

NOWADAYS, THIS SQUADRON LEADER CRIES



Squadron Leader R. G. n. DSO, DFC, was one of the first of the 'Wolf' Without him and his Spitfire the firm of London would have been much worse.

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20/10/85

Equal pay claim advice goes out to NHS unions

BY DAVID BRINDLE, LABOUR CORRESPONDENT

UNIONS in the National Health Service are being recommended by their legal advisers to swap industrial tribunals with hundreds of thousands of claims for equal pay for work of equal value.

The white-collar unions, ASTMS, is expected to become the first to act on the advice by calling on all its 3,000 women speech therapist members to lodge claims as soon as possible.

The move follows a tribunal decision last week to reject a test-case claim brought by three ASTMS speech therapists. They were seeking pay parity with male clinical psychologists and hospital pharmacists earning up to £8,000 a year more than them.

Their claim was dismissed on the grounds that NHS regulations prevent the management paying any salary rates other than those agreed by negotiation. This decision is being seen as a ruling which could potentially exclude all NHS employees from the 1983 equal value legislation.

Nalگو to ballot Lewisham members on council strikes

BY JIMMY BURNS, LABOUR STAFF

NALGO, the white collar union, is expected to ballot members employed by Labour-controlled Lewisham Council next week to try to broaden support for about 1,500 of its local members who have been on strike for nearly two weeks.

The members—who represent about 60 per cent of the council's workforce—have disrupted services in nearly all departments in protest at the management's apparent refusal to put security workers from their clients. The dispute has spread to children's homes. NALGO officials said this did not affect its pledge not to disrupt services in this Department for humanitarian reasons.

The strikers attended a mass meeting on Thursday and voted 3-1 to continue action.

Sogat resignation move

BY OUR LABOUR STAFF

AN EMPLOYEE of John Menzies's wholesale division has been suspended on basic pay after he resigned from the print union Sogat '82, which organises most workers in the newspaper distribution industry.

Mr Tony McArdle resigned from the union a week ago, and was sent home when he reported for work last Monday. Although Sogat '82 does not have a closed shop agreement with John Menzies, the newspaper's management apparently suspended Mr McArdle because it feared his presence at work might anger union members.

The Freedom Association, which has taken up the case, said last night it would seek compensation for any losses Mr McArdle incurs during his suspension.

Mr McArdle's dispute with the union began in 1984 when he refused to pay a levy to raise funds for striking miners. He later refused to pay a levy for Sogat '82 members dismissed by News International when it transferred production of its four newspapers to Wapping, east London.

Mr McArdle recently spent six months off work claiming he was frightened to return because of intimidation, a charge Sogat '82 denies.

Computer Weekly/NCC salary survey; NCC, Oxford Rd, Manchester; price £95.

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NLV

The net asset value at 31st October 1986 was **£11.87**

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FT for December 1,283-1,290 (unchgd)
Tel: 01-828 3699

S Wales miners vote to end ban on overtime

By Charles Leadbeater, Labour Staff

SOUTH WALES miners voted yesterday to end their ban on overtime coal production, which has cost British Coal 76,500 tonnes of output valued at £3.5m since it started four months ago. The vote followed payment of about £360 back pay to each of the area's 12,000 miners.

Mr Des Duffield, South Wales president of the National Union of Mineworkers, said the union still intended to campaign for the reinstatement of miners dismissed during the 1984-85 national strike. The Union believes the overtime ban, which had full support, has renewed miners' confidence in their ability to organise industrial action.

Mr Cliff Davies, British Coal area director, welcomed the move. "Output and productivity in the coalfield are rising," he said, "and we hope this will be giving an added impetus by the ending of the ban."

The South Wales NUM area imposed the ban in protest at British Coal's refusal to implement the 1985 pay award. British Coal agreed to make the back payments after the NUM accepted important changes to the Mineworkers' Pension Scheme.

Personnel director of British Railways board

BRITISH RAILWAYS BOARD has appointed Mr Trevor Toolan, personnel director of Land Rover UK, as managing director of personnel at BR headquarters. He succeeds Mr John Pallett, who is retiring at the end of the year. During his four years at Land Rover UK, Mr Toolan has played the lead role in the rationalisation of the Land Rover business.

BET chief executive Mr Nicholas Willis, is to resign from the board of BET's industrial services company, Initial, on January 1 and Mr Brian Thompson, managing director of Initial and newly-appointed director of BET, will take over as chairman as well. In becoming chairman of Initial, Mr Thompson intends to retain his chairmanship of its major subsidiaries.

SWISS BANK CORPORATION in the UK has made the following promotions from January 1: In the foreign exchange and treasury department: to senior vice president, Mr E. Gander; to first vice president, Mr R. Duttwiler; in the corporate loans department: to first vice president, Mr D. Henderson and Mr A. Zbinden; in the organisation and premises departments: to vice president, Mr G. F. Martin.

Mr G. A. Wright, finance director of GEORGE WIMPSEY, is to retire from the board on December 31 and will be succeeded by Mr M. J. Dowdy, formerly group finance director of Burmah Oil.

Mr John L. Kaye has been appointed general manager of the AGRICULTURAL MORTGAGE CORPORATION. He takes over from Mr Peter Carroll, who is retiring as general manager on January 1. Mr Carroll will remain on AMC's board as a non-executive director. Mr Kaye was director of the banking division of Standard Chartered Merchant Bank.

Following completion of the acquisition of Lambert Smith & Partners (Holdings), Mr Raymond J. S. Palmer, chief executive of Lambert Smith, has been appointed a director of ABACO INVESTMENTS.

Mr Richard J. Smith, a member of the main board of the VIKING PACKAGING GROUP, has become its director and chief executive, polypropylene products, a new post.

TENNECO EUROPE, a subsidiary of the US company, has appointed Mr James Prior to its European advisory council. He is chairman of The General Electric Company. Other directorships include Barclays, J. Sainsbury and United Biscuits (Holdings).

Mr Mike Hart, group product marketing manager for communications products at PHILIPS BUSINESS SYSTEMS, has been appointed chairman of the business communications division and executive board member of the Telecommunications Equipment Manufacturers Association.

J. S. PATHOLOGY has made the following appointments to its board: Mr D. J. Rook, Dr J. H. Scott-Wilson and Mr C. Taylor.

Three appointments have been made to the board of CHUBB

LOCK COMPANY: Mr Graham Davis becomes director in charge of the Chubb Lock Company. Formerly general manager of sister company Albert Marston and Co at Planetary Rd, Willenhall, he takes over responsibility from Mr Rod Bunyan who has moved to Chubb Safe Equipment Company as managing director. Mr Tony Pearson is promoted from financial controller to financial director, and Mr Steve Wood is promoted from manufacturing manager to works director.

Mr Paul Kaye has been appointed finance director of RECHEM INTERNATIONAL. He joined as chief accountant from APT Electronics in Reading where he was finance director. Following the retirement of Mr David Thomas, Mr Leslie Baker has been appointed a director and general manager for the fetch firm at Christie's, Western European Union Assembly opens, Paris (to December 4). FT two-day conference on world telecommunications opens, Hotel Inter-Continental, W1.

Mr Noel Riley has been appointed marketing director for the Vymura retail division of WESTON HYDE PRODUCTS, an associate company of ICI. He joins from Coleroll where he was marketing manager of the home furnishings division.

Mr Andrew Sampson has been appointed to AQUASCUTUM's board as sales director, UK and Europe.

Viscount MacMillan of Ovensden, has been appointed president of WESTMINSTER CHAMBER OF COMMERCE. He is deputy chairman of Mac-

Millans and chairman of MacMillan Publishing. He takes over the presidency from Lord Forte.

Mr Jonathan Clare and Mr Ian Hunter have been appointed directors of STREETS FINAN-

CIAL STRATEGY from December 1.

Mr Roger Philip Yates and Mr Haruzo Hayakawa have been appointed directors of G. T. MANAGEMENT.

ECONOMIC DIARY

TODAY: National Union of Teachers special salary conference Blackpool.

MONDAY: London sterling certificates of deposit (October). UK banks' assets and liabilities and the money stock (October). EEC Internal Market Council meets, Brussels—agenda includes copyright in video and audio tapes, consumer credit, hotel fire risks, information technology standards, and elimination of frontier controls. Market expected to fetch £7m at Christie's, Western European Union Assembly opens, Paris (to December 4). FT two-day conference on world telecommunications opens, Hotel Inter-Continental, W1.

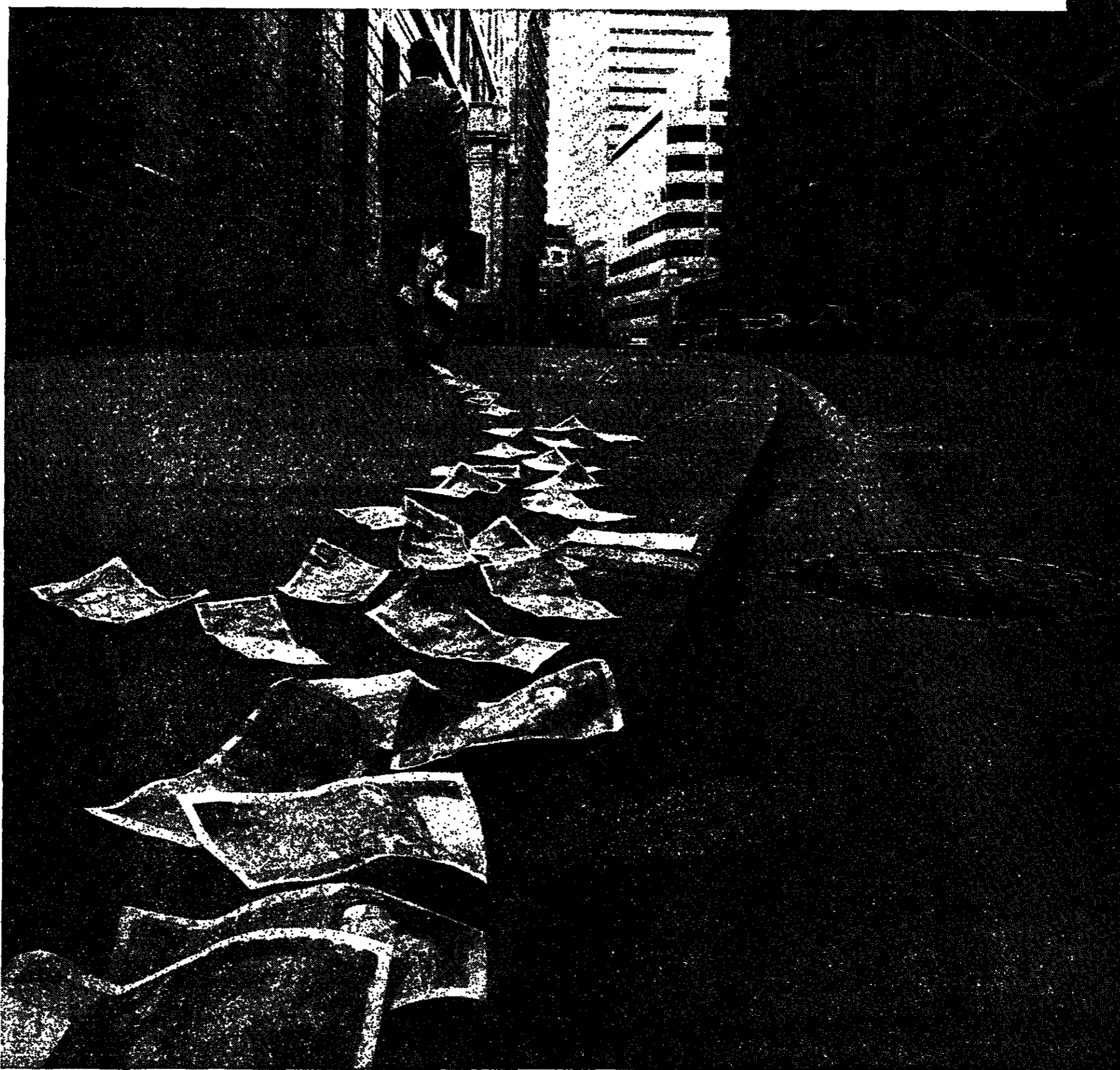
TUESDAY: UK official reserves (November). Capital issues and redemption (during the month of November). Royal Smithfield Show opens (to December 4). Royal Aeronautical Society conference on the Airports Act. British Association conference on nuclear winter, Royal Institution. Prince Charles presents manufacturing, effective 1985 awards. Mr Bill Brown, Standard Chartered Bank addresses Foreign Correspondents Club, Hong Kong. BOC annual results. Social Democratic Party economic seminar on international trade, Stockholm.

WEDNESDAY: British Venture

Capital Association/FT venture capital financial forum, Hotel Inter-Continental, W1 (to December 4). EEC Fisheries Council meets in Brussels. Overseas travel and tourism figures for September. Advance energy statistics for October. Detailed analysis of employment, unemployment, earnings, prices and other indicators. British Gas share offer closes. NATO European Defence Ministers meet, Brussels. Hong Kong and Shanghai Banking Corporation chairman, Mr Michael Sandberg, addresses Foreign Correspondents Club, Hong Kong. Tate and Lyle annual results. Danish banks' association annual meeting. THURSDAY: UK balance of payments (third quarter). Housing starts and completions in October. House renovations (third quarter). NATO Defence Ministers start two-day meeting, Brussels. Bass annual results. Institute of Directors conference on effective remuneration, current practice and future trends.

FRIDAY: European Communities two-day summit opens in London, under chairmanship of Prime Minister—agenda includes Community budget. Institute of Fiscal Studies conference on the future of European Community finance, Park Court Hotel, W2

£140 million lost last year—just to fund expenses.



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of American Express that exists to help you plan, manage, and finance and operate your company's business travel with the maximum returns. And the lowest costs. *Source: Business Travel and Entertainment Expenses in Britain (1985).

To: Martin Leggett, Travel Management Services, American Express Europe Limited, Portland House, Stag Place, London SW1E 5BZ. Please send me a full information pack on the Corporate Card and the American Express approach to more efficient business travel management.

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A test of faith in the City

THE RATHER sour City reception of the British Gas offer has only a little to do with the merits of British Gas itself, although the shares are not regarded as any great bargain. What is increasingly preoccupying the banks and brokers who assess the implications of government policy is what the Government intends to do with the proceeds of this enormous privatisation. Coming on top of the abandonment of broad money targets and the apparent about-face on public spending in the Autumn Statement comes the biggest rattle yet on the nation's capital stock—not to repay debt, but to finance spending. The City has always had its doubts about this approach, and they are now becoming deafening.

These doubts are reflected most tellingly in the gilt market, which is now discounting a long-term average inflation rate of nearly 7 per cent, measured by the gap between conventional and indexed yields. This is not a "market forecast"—the gap also contains a risk premium, and conventional yields are sensitive to fears about future interest rates; but the gap has risen steeply in the last four weeks.

The comments and forecasts in City circulars do not necessarily represent a market view—there is always a temptation to try to grab some headlines. However, the consensus City forecasts for the economy are considerably gloomier than those of the Treasury, especially on the balance of payments—with a £2.7bn deficit next year—and on inflation. The commentaries are gloomier; further slippage on public spending control or rash tax cuts next year could produce the kind of outlook foreseen by the National Institute for Economic and Social Research, with a deficit of over £5bn and inflation approaching 6 per cent. In the medium term, one broker concludes, taxes would go up, not down.

Three strands

Now while there is no reason to believe that computers in the City produce better forecasts than those in Whitehall, the City mood is an important fact in itself. If it does not improve, the Government may find that anything more than a token tax cut next year will cause acute problems for funding and for government financing. There are in fact at least three strands of doubt twisted together here. The thickest is the suspicion—regarded in some quarters as an established fact—that the Government has lost control of its own spending, so that the enlarged programmes will in fact be substantially overspent. There are also

underlying doubts about the whole fiscal stance—a policy which entails a substantial current account deficit is almost by definition suspect—and about the timing of any further tax cuts or other stimulus. The doubts about government spending arise not so much from the new programmes which the Chancellor announced, but from political gossip which suggests that these concessions are only a start. If the Government sticks to its announced programmes then the Chancellor will be able to claim with hindsight what he forecast to the Treasury Committee in the House of Commons: that the changes are largely presentational.

However, if concessions are made to departments which did not win in the first round of concessions, or if pay awards are not adequately offset through manpower economies, then the rise in public spending next year could far exceed the 1½ per cent real increase planned. Even assuming, though, that everything goes according to the Autumn Statement, some of the Government's critics will not be pacified. They argue that tax cuts financed by privatisation are just as irresponsible as they would be if financed by increased government borrowing, and encourage the nation to live above its means—a gap measured by the current-account deficit.

Less confidence

Finally, the true purists are equally unimpressed by the Chancellor's central claim to prudence—that the net result of his policies will be a steady reduction in public sector borrowing. They argue not only that the figures are distorted by asset sales, but that if the economy is as strong as the Treasury expects, then the last thing it needs is a further stimulus.

None of this means that the City shares the whole of the National Institute's gloom about the outlook. The City has in fact less confidence in Government policy than the National Institute, which argues that a period of overspending to energise the economy is a reasonable approach.

On the other hand, the City has much more confidence than the academics in the private sector; it believes that the companies it monitors are genuinely sharper and will perform well even in lacklustre world markets, thus ensuring that even questionable government policies will produce manageable results. However, if this faith weakens, or the worst fears about the Government are confirmed, the whole stock market will reflect it. Don't tell Sid.

"CONSULT" Sir Denis Rooke, chairman of British Gas, casts a baleful eye on the ranks of journalists beneath him. "What consult means in the Shorter Oxford Dictionary... is, I will tell the Government what we are doing."

That, in a nutshell, is what the privatisation of the world's largest gas utility means to its undisputed boss. He will be able at last to do what he wants without—as he puts it—"all those civil servants hanging on our coat-tails."

The question of how Sir Denis will react when the traces are cut is, therefore, important to the 6m to 8m people who will be deciding between now and December 3 whether to become British Gas's new owners. They will obviously want to know whether Sir Denis and his men will become more interested in profits than they have been in the past. But there are also bitter issues at stake.

For example, can a private monopoly be expected to take the best strategic view of the national interest, while Britain's oil and gas reserves are running out? Is private gas likely to take a statesmanlike view of the claims of its arch rival public electricity? Or will they slug it out like primeval giants, treading monopolistically on the principles of sound economics? In any conflict between the short term interests of shareholders and the longer term benefit to customers, which side would win?

Sir Denis himself has met the embrace of capitalism with a marked froideur, scarcely bothering to conceal his distaste for all the pin-striped razzmatazz. Even after the Government cajoled him into a front seat on the sales bandwagon, Sir Denis continued to display his peculiar mixture of defensiveness and aggression.

At a presentation to City analysts earlier this month he broke in as Mr Chris Briery, the corporation's planning director, was about to field a question on competition from oil in a falling market. "Tell him to get knotted," Sir Denis growled.

Mr Briery, a subtle man who likes to be helpful, said that he was intending to answer along the lines proposed by the chairman, but at somewhat greater length. "Tell him to get knotted," Sir Denis barked again. And it was so.

Trivial as it may seem, the incident caused a buzz of ribald comment in the Square Mile. It may well have given colour to a belief that Sir Denis does not care a twopenny term for those who trade in capital and may not be terribly interested in rewarding those who subscribe it.

As he said in an interview just after the privatisation plans were announced in the spring of 1985: "It is wrong for the fruits of the labour of those who have built up the industry to go to people whose only interest is in financial gain."



Sir Denis Rooke: "Tell him to get knotted..."

Roger Taylor

He tends to rank brokers and their analysts even below journalists, and certainly lower than politicians, reserving his respect for "do-ers" like, should one say, gas engineers.

Sir Denis is himself a distinguished engineer, who is fascinated by the technology of gas: its discovery, production and storage, his 145,000 miles of pipeline and the quality of service all this provides for his 16.75m customers. He displays an engineer's distrust of any "airy-fairy" economic arguments which seem to challenge the grand imperative of selling ever more gas to the populace.

He appears to have been little touched by the radical conservatism of the 1980s which argued for stepping up the performance of nationalised industries through the disciplines of price and profit, by exposure to financial markets and, where possible, by increasing competition.

It may seem odd that a man holding such views, battle hardened by many fierce engagements with the Government, should have been chosen to lead British Gas out into the realm of private capitalism.

The most obvious reason is that Sir Denis has presided over a remarkably successful period of expansion at British Gas. The discovery of large amounts of cheap gas off the Norfolk coast 20 years ago presented the corporation with a huge opportunity, which its position as a monopoly supplier and a monopsony purchaser enabled it to exploit to the full.

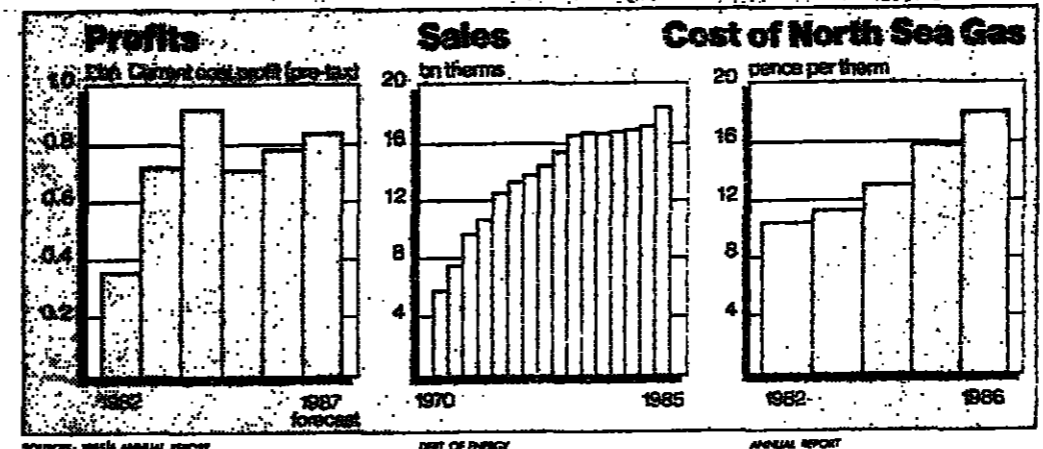
Few doubt that Sir Denis showed great vision and mastery of the engineering problems, first as head of production from 1968 then as deputy chairman becoming chairman in 1976. He built up a high pressure mains system now valued at £15bn (replacement cost), converted 30m appliances to North Sea Gas and can claim a large part of the credit for the fourfold increase in sales during the 12 years to 1980.

The corporation has emerged as well managed, profitable and on the whole efficient under a leader whose style is nothing if not autocratic. When confronted with a sharply pointed argument he is apt to lower his head and charge. However, as one former associate remarked: "Denis can be fearsome, but he seldom goes his victim." Perhaps this explains the impressive loyalty of his staff, even among those apt to mock him.

One consequence, however, is that under Sir Denis, British Gas has not developed the subtle process of choosing and grooming a new leader that is to be found in companies like Shell, ICI or IBM and many Japanese corporations.

If the new privatised corporation is diffusely owned, choosing a successor might be difficult, especially as no new outside directors have been appointed. The two front runners for the succession are the 57-year-old Mr Briery, and Mr Alan Sutcliffe, the newly appointed finance director aged 50. Either would make a sharp analysis of the true economic costs, benefits and profitability of all parts of the business. What action that might lead to remains to be seen.

Whoever succeeds him Sir Denis has ensured that the estate will pass down intact. The Government gave in to his fierce opposition to breaking up the corporation mainly because it wanted a quick sale; it then seemed fitting that the man who



had built up such a saleable asset should stand at the helm as it was launched into the private sector.

Ministers had another, perhaps more powerful motive for wishing Sir Denis to stay on. They believed—at least Mr Peter Walker, the Energy Secretary, believed—that Sir Denis would be a guardian of the public interest under a set of regulations which were intended to be as light as possible.

Sir Denis had argued that nothing would be gained if a bunch of interfering civil servants were replaced by an equally interfering bunch of regulators. This struck a responsive chord in Mr Walker who also believed that while Sir Denis remained in charge, investment and standards of service would not be sacrificed for the benefit of shareholders.

In the last decade Sir Denis has fought a long-running guerrilla war with the Treasury to keep his cash in the business and to ensure that only the minimum was distributed to taxpayers. When the Treasury knights retire from the field after privatisation, it is unlikely that he will dismount from this particular high horse.

As he told the Parliamentary Energy Select Committee "The difficulty about a business like ours is that it is a long term business... so we keep on having to re-invest for the future. The moment you start saying let us look at how much profit you need just today, well we find that most people just do not think sufficiently about the future."

A little later he rounded on one of the MPs in a rising tempo saying: "You are talking about big dividends, shareholders and all the rest of it. I do not know that there are going to be big dividends to the shareholders. You are carrying on as if this business is absolute gold and everything is just dead easy. It will not be like that."

The possible conflict of interests so colourfully identified by Sir Denis may be lessened for the time being if the Government succeeds in persuading a large proportion of British Gas's customers to become its shareholders.

However, a basic question remains as to whether British Gas will continue its heavy emphasis on expanding the volume of business with big capital expenditures to ensure that everyone can have as much gas as they want.

As cheap North Sea gas is used up and new supplies become steadily more expensive, the corporation may well have to consider whether reducing the size of its empire would improve profitability. This would represent a major turn-around for Sir Denis.

However in the new era of privatisation, the figure at the bottom of the page will be crucial in determining national investment priorities. Would Britain's interests be better served, for example, by buying £10bn of Norwegian gas in the 1990s or by investing an equivalent amount in nuclear power stations?

lent amount in nuclear power stations?

The Government's view is that such questions are best resolved not by a grand plan, but by individual projects competing for capital in as near to free market conditions as possible. This requires the big utilities to try to maximise profits (within the limits allowed by regulation) and to set prices which properly reflect their long-run marginal costs.

In the past decade, however, British Gas's instinct has been to minimise bottom line profits, to keep as much of the benefits of cheap Southern Basin gas to itself, to carry the war against electricity into uncharted territory and to pour money into the expansion of its empire.

However, the tide is turning. The average cost of gas supplies will rise, but the scope for reducing electricity costs in real terms should continue for many decades. Against this background, it will have to decide how vigorously it wants to sell gas into the industrial market where it has the most flexibility but at present rather low margins.

In the domestic market, which accounted for 54 per cent of gas sales last year, the corporation is obliged by law to meet demand and its prices will be regulated. However, in the industrial market, it has scope to raise and lower demand by the prices it charges, and this has important implications for the rate of depletion of the North Sea fields.

Last year the Government vetoed British Gas's agreement to buy gas from Norway's Sleipner field in the central North Sea, because it wanted more emphasis to be put on the development of the UK sector. The Treasury believed at the time that if British Gas would raise its prices, less gas would be needed, and greater incentives would be available to develop new UK supplies. Sir Denis did not like this argument. He wanted the Norwegian gas to help him bargain for lower prices from oil companies in the UK sector, and to enable him to keep on serving the largest possible market.

After privatisation the battle will re-open. The new rules require Sir Denis to "consult" the government about foreign gas purchases. Whatever the dictionary says, he believes it is unlikely that ministers would dare to veto him a second time, even though they retain power to stop new pipelines from being built. However, there would be some fury in Whitehall.

As Professor Gerald Manners, advisor to the Energy committee he observed: "The logic of the Sleipner deal would not have been different if British Gas had been privately owned."

So, plus ça change, or as Sir Denis preferred to put it: "I am not able to say myself whether it will be worth all the labour involved in privatisation. I do not know. I think we shall find out only a lot later on."

ED MEESE regained the position he has always regarded as his very own this week. There he stood right next to the President, unrumpled in the inmost of crisis.

After the President's brief statement to the White House press corps, Meese stepped forward to the podium. He spoke for 46 minutes, patiently answering a barrage of questions on the Iranian arms deals in that familiar, deceptively reassuring, matter-of-fact tone.

The second round is likely to be a lot tougher for Edwin Meese III, the 57-year-old US Attorney General who is heading a Justice Department investigation into the secret US arms shipments to Iran, which led to millions of dollars being funnelled to the Contra rebels in Nicaragua. Meese is already facing charges that, as a Reagan loyalist, he is hardly the right man to conduct an independent inquiry.

"I don't accept your premise that Congress will feel that we can't investigate ourselves," he told one sceptical reporter last Tuesday. "We're not investigating ourselves. We are investigating certain people within the Administration."

By Meese's account, he became directly involved last week as he was helping to prepare the Administration's testimony to Congress on the controversy. He discovered several alarming gaps in knowledge, notably at the CIA—and then, through what he called "intercepts," he stumbled across the Contra connection and the role in it of the National Security Council staffer, Marine Lt Col Oliver North.

A different interpretation is, however, possible. This suggests that it was Meese himself who gave his legal blessing for the President's decision to step-by-step Congress and authorise a small number of arms sales to Iran to open up channels with moderates in Teheran. As a member of the National Security Council—the President's inner circle of national security advisers—some believe Meese was intimately involved in the Iranian affair from the outset. What is beyond dispute is

Man in the News

Ed Meese

A tough test for Reagan's lawman

By Lionel Barber, in Washington



the fact that bitter divisions among Mr Reagan's advisers caused by the arms shipments to Iran—notably the opposition of Mr George Shultz, Secretary of State, and the failure of Mr Donald Regan, White House Chief of Staff, to take control—have allowed Meese to step into a power vacuum. The man who was dubbed "President Meese" and "the Deputy President" in Mr Reagan's first administration is going to be difficult to dislodge as crisis manager in the company weeks.

It was not always so. When Meese arrived in Washington after Mr Reagan's landslide win against President Carter in 1980, he was seen as the indispensable White House aide destined to enjoy unrivalled access and influence in the Oval Office. In the event, James Baker was named White House Chief of Staff and Meese had to make do with a new title (invented by Baker) of "Counsellor" to the President.

He had his moments: he fixed a deal with the Transportation Secretary, Drew Lewis, to limit Japanese car imports to the US, secured the pardon of two former high-ranking FBI agents convicted of illegal break-ins in the Nixon Administration's search for radical opponents of the Vietnam war and steered the Administration away from divisive social issues.

But, in his search for power and influence, he also created a structure at the White House which many judge to have been unworkable. Both the Office of Policy Development and the National Security Council were meant to report through him to the President. Meese, for all his beloved wall-charts and his inveterate note-taking with different coloured pens, stretched himself too thin.

up a series of embarrassing facts about his financial dealings.

Meese was found to have fallen 15 months behind on mortgage payments for his house in California which he had been unable to sell. Two savings and loan officials who supervised the Meese account looked the other way.

In the end—another historical irony in the light of the Iran affair—a special prosecutor was appointed to investigate. Meese was cleared and, 13 months after he was first nominated, was sworn in as the 75th Attorney General of the US.

Meese loves to play the hard-nosed lawman at the Justice Department. In his office is a border-patrol pistol and a fleet of miniature police cars—he once said he relaxed by tuning into police radio messages.

But Meese has also served as President Reagan's conservative point-man in matters judicial. He has rigorously pushed for conservatives to be appointed as Federal judges and he has argued vociferously for a reappraisal of certain key Supreme Court judgments, notably the Miranda ruling that suspects must be warned of their rights to remain silent and have a lawyer present during interrogation.

In recent months, he has broadened his attack to take in the role of the Supreme Court itself, arguing that it does not constitute the supreme law of the land. On a technical level, few could quarrel with Meese's assertion that there is nothing in the US constitution which gives the Supreme Court the unfettered right to determine that document's meaning.

What many found worrying was the way the Attorney General, despite his "Yale" scholarship and his keen eye for detail, left himself open to misinterpretation. Some suggested his views implied that Federal employees could be tempted to disregard the court's rulings.



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Awakening from a terrorist nightmare

By David White in Bilbao

ON A remote stretch of the coast road outside Bilbao, visitors are warned not to stop their cars or take photographs. Just around the bend, in a wooded inlet, under the eyes of military guards in sinister green watchtowers, you discover the reactor-domes of an idle nuclear power plant.

Once destined to supply most of the needs of the industrial Basque country, the Lemona plant was paralysed when near completion four years ago, after repeated bomb attacks and the murder of two engineers. It has cost more than £15bn to date, including interest on loans. The only nuclear plant in the world to have been stopped by terrorism, it stands there as a monument to the power of the ETA Separatists.

But since then, the tide has turned against ETA, now pretty much reduced to its hardline "Militar" faction, of whom no more than a few dozen are still at large.

Spanish and French police have both struck at ETA commandos. Madrid has offered leniency to ETA members who wish to leave the organisation and resume normal lives, and admiration for the terrorists among Basques themselves has declined sharply as democracy has settled into place in Spain. Its organisational capacity and its morale have been hard hit; but it can still kill and enjoys residual support.

In the June general elections, ETA's allies in the Herri Batasuna (United People) Party, a coalition of Marxist-leaning fringe groups which support ETA's demands, came near to their previous record of 18 per cent of the regional vote. In the increasingly complicated world of Basque politics, the extremists continue to play a harassment role.

Tomorrow voters go to the polls for elections to the regional Parliament, the third such elections since the Basque country obtained wide-ranging autonomy seven years ago. Provoked by a split in the moderate, centre-right Basque Nationalist Party (PNV)—up to now the region's political establishment—the elections risk making Spain's most prob-

lematical region also its least politically stable.

In the 11 years of post-Franco transition—marked elsewhere, but not here, by a wide degree of political consensus—the Basque country has been Spain's nightmare. The ETA conflict continues to claim between 80 and 40 lives a year.

It is not Northern Ireland, either in the extent of violence or in its civil divisions, but it is still a mess—confused politically, and thwarted economically. An old iron region which underwent a boom in the Franco period (its population, now 2.1m, doubled between 1950 and 1975) it has not managed to find new industries to replace its stricken industrial base of steel, ships and capital goods.

Unemployment at 24 per cent is higher than anywhere in Spain except the Canary Islands.

At least in part for the delay in recovery and the lack of new investment. In turn, the gloomy job outlook helps to fuel discontent; Herri Batasuna gets votes not just from ETA sympathisers but also from working-class youth.

There have been isolated cases of entrepreneurs moving away because of ETA threats, and the Socialist Party calculates that companies have suffered £25m worth of terrorist damage since 1983. Since ETA stops short of indiscriminate attacks, few people feel directly threatened unless they are soldiers or policemen (in the wake of increased arrests and expulsions by the French authorities) drivers of French cars. The image of the region is the primary casualty.

Recent investment has come principally from within the region, and has not begun to offset job losses. The biggest foreign input has come from Firestone of the US, which, after closing factories in the UK, Sweden and Switzerland, committed itself to its Bilbao-based affiliate, bought up the shares and invested \$30m, including \$10m in Bilbao itself.

where the group now has its central heavy-duty tyre plant. But it was building on an existing Basque company (and even so, has moved its head office to Madrid). Newcomers and new sector investments are going to other areas of Spain.

Now the atmosphere has been further soured by a rumour in the Basque political establishment. A 20-month co-operation pact with the Socialists in Madrid has been suspended, and the most favourable period to date for relations between the Basques and Madrid has come to an end.

The current Basque president, Mr Jose Antonio Ardanza, of the PNV, who took over at the beginning of last year, has never seemed to enjoy the job. More pragmatic than his predecessor, he set a new course, getting on well with Mr Felipe Gonzalez, the Spanish Prime Minister, and dispensing with any ambiguity about his rejection of terrorism. But he failed to carry his party with him. The mutual recriminations between Vitoria, the Basque capital, and Madrid soon returned.

Behind the election is a clash between two powerful personalities of Basque nationalism: Mr Xabier Arzalluz, a subtle ex-Jesuit at the head of the PNV (one of its idiosyncrasies is that it separates party functions and public office), and Mr Carlos Garaikoetxea (pronounced Ga-rye-co-el-chay-a), the first post-Franco Basque president, a former executive who stood his ground against Madrid but eventually came to grief with the PNV hierarchy. The Garaikoetxea charisma accounted for perhaps a third of the record 450,000 votes—42 per cent—which the PNV scored in the 1984 Basque election. In last June's general election, when he ran out of office, the PNV lost a fifth of its previous vote, and Herri Batasuna gained.

The split has left deep wounds between the PNV and Mr Garaikoetxea's new party—Eusko Alkartasuna (Basque Solidarity)—which will not be quickly healed.

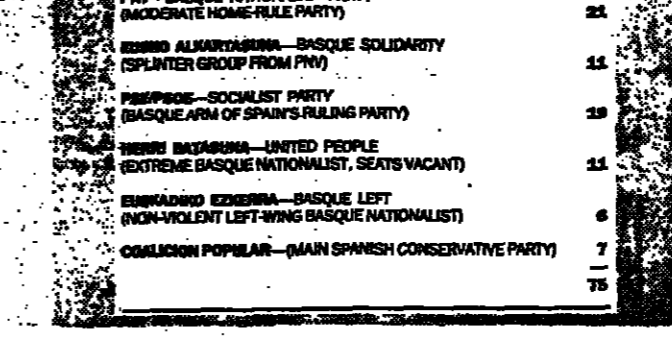
In its origins, the party was a defensive movement, created

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Mr Felipe Gonzalez, the Spanish Prime Minister, campaigning in Bilbao.

In the late 18th century when immigrant labour was being brought in and the Basque provinces were deprived of their historical privileges.

Until now, the Basque country has never been a political unit. Even in 1936-37, when it had a first go at autonomy, its authority was limited to the most populous Vizcaya province, the rest having already fallen to Franco. Inter-provincial rivalries persist, incorporated into the structure both of the PNV and the autonomous region, where each of the three provinces has its own powers and equal representation in the Parliament, despite an enormous disparity in their populations. Against this clumsy and costly institutional tangle, Mr Garaikoetxea argues for more centralised power within the region.

For Madrid, the PNV split is both good (debunking its image as the sole embodiment of Basque autonomy) and bad (making four Basque parties instead of three, all competing to be more-nationalist-than-the-next). In the verbal escalation, the terms of Spain's constitution and the 1979 autonomy statute have once again become a subject of debate.

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nationalists are now demanding the rest of the responsibilities covered by the statute, such as social security and justice.

Their ultimate aspirations are more nebulous—finding a new status within a united Europe, persuading neighbouring Navarre and the French Basque region to join them. Behind this shield of Utopian claims, however, they have proved to be more practically minded.

The Socialists, whose support in the region lies mainly among the large working-class population who are not Basques but whose families came from other regions of Spain during the industrial boom, are in a close race with the depleted PNV. They have both an unforeseen opportunity and a dilemma on their hands. They need to rebuild a pact with moderate Basque nationalists, and do not want to try to govern alone. On the other hand, if the PNV comes second, can it afford to go into coalition with the Socialists? Mr Arzalluz thinks not.

Madrid's worry is that the region could then become "un-governable". The curious thing is that this prospect should arise from the fact of a divided PNV—and not from the terrorists.

It is widely believed that most of ETA is by now in jail (about 400) or has given up fighting (another 300). Some of the organisation's more desperate actions, such as the September killing of a former leader, a young woman who had gone back to her hometown, have turned even her members of Herri Batasuna against it.

Lombard Long live the Free Democrats

By Peter Bruce in Bonn

WEST GERMANY'S liberals, the Free Democrats, have been in a constant state of flux since 1989 although they have never won more than 12.8 per cent of the national vote. They survive by coalition. In the last election in 1983, caused by the FDP abandoning its coalition with the left-wing Social Democrats in favour of one with the right-wing Christian Democrats, they won 7 per cent of the vote, their second worst performance ever.

There is another general election in Germany on January 25 next year and the FDP is fighting yet another battle against extinction. If it scrapes over the 5 per cent hurdle necessary to enter parliament again, it is likely to stay in government with Chancellor Helmut Kohl as well. If it does not, it will probably vanish.

That would be a shame. Not because the FDP is a political "buffer" and not because it represents a liberal tradition that is unique to the FDP. But it is the only party around still making clear to the rest of us what humbug West German economic policy, the so-called "social market economy," is.

It is true that the Christian Democrats practise a fiscal policy that would be recognisable (envied even) in the US or Britain. And its Bavarian sister party, Mr Franz Josef Strauss' Social Union (CSU) often presses the Government for radical tax reforms.

But for consistency you had to listen to Count Otto Lombard, a former Economics Minister and now standing trial for tax evasion, speak to the FDP party convention in Mainz recently. Cut subsidies, he cried, and privatise the Bundespost, and bring forward a DM 40bn tax reform for the 1990s and extend shopping hours. German politicians hardly ever say all this at the same time.

Leaders of the other coalition parties know they ought to be saying (if not doing) the same thing—after all, the Government was elected on promises of turning the country's crusty economy around—but they are not going to do it. The Minister, the CDU's Gerhard Stoltenberg, for instance, has made a name for himself as a disciplined budgeteer, a tax cutter and as

the man probably most responsible (other than, perhaps, Yammal) for the country's falling prices.

But does he or his party ever stand up and demand the privatisation of the Bundespost? No. The deregulation of its monopoly over all electronic and written communication in Germany? No. The break-up of Germany's road haulage cartel? No. Does the CDU ever plead for longer shopping hours or the deregulation thereof so that people can spend the money it claims to be giving back to them in tax cuts? No. How hard did Mr Stoltenberg push for the privatisation of Linthaus before surrendering? Not very.

Mr Stoltenberg would, however, love to cut the country's DM 120bn a year subsidy bill to help his tax plans, but here he runs into Mr Strauss of the CSU, an even more conservative man who thinks subsidies are a fine thing particularly when they are being paid to Bavarian farmers, electronics companies and aircraft producers. Mr Strauss thinks tax cuts are a good thing too but asks only that they be financed by cutting someone else's subsidies.

Of course, the FDP, Count Lombard included, is partly responsible, through its years in government, for some of the crust around the economy and the fact that it underperforms. Neither has it come out of the so-called "Flick" party financing scandal well. It has lost the sharp political profile it was able to engineer while in government with the SPD.

But if the FDP goes, probably any remaining urgency to reform the economy will drain away from the Kohl government. Under it taxes, subsidies and unemployment have all risen. Growth, for the moment, appears to have peaked at 2.8 per cent last year. This dwindling band of German individualists actually seems to believe in deregulation and less state. They constantly remind Mr Kohl how difficult it is to apply super-fiscal capitalist "reforms" that may, like tax cuts, look good to friends abroad, to an economy addicted to cartels, clubs, monopolies, and state aid. It would be nice to see them back in Bonn after January 25.

Payment on time

From the Managing Director, Credit Protection Association

Sir—It was disappointing to read (November 19) that the Forum of Private Business, representing 11,000 small companies, is pressing for Government legislation to induce large corporations to pay on time.

One wonders if this is a tacit admission by these small companies that their internal disciplines are so lax that they have to beg "Nanny State" to punish the big boy next door. Can there really be so many free businessmen willing to give up another measure of their independence to support the birth of a further tax supported quango—presumably an ineffective one at that!

Both large and small businesses, experiencing poor cash-flow due to slow payments, usually have no one to blame but themselves. Basic reasons can include: the supplier not verifying the credentials of potential customers before granting credit, or the supplier not clearly advising in advance of his business and credit terms to prospective customers and obtaining written acceptance thereof, or creditors not chasing up their overdue accounts promptly and systematically. When often we see many companies failing to print even their credit terms on standard invoices, it is obvious that the meaning of the words "credit control" is unknown to those who later complain about poor cash-flow and the tardiness of others.

From the many tens of thousands of claims passing through our offices each year, we see that in fact it is the small companies, mainly trading with other small companies, which form the bulk of overdue account payment problems. The penalty charges of interest on late payments is already open to any creditor who wishes to include such a clause within his standard sale contract; but it is the individual business's free choice whether or not to adopt such a routine: surely others should not have to be cocooned within legislation (with all the additional administration involved), because some loosely run concerns are not able to put their own administration in proper order. Since most large businesses have arisen from small businesses, the difference between well-run or poorly-run businesses speak for themselves.

The question of whether VAT tax point should be determined by invoice date or by date of cash receipt is clearly a subject for the legislators to discuss; so too are the substantial delays being experienced by all creditors in having their litigation claims heard by court

Letters to the Editor

process. These however, are other matters altogether. David S. Baber, 350 King Street, W6.

Mortgage interest relief

From Mr G. Gardiner.

Sir—The myth that the average house-buyer has a mortgage for only seven years still survives. Guy Keating in his otherwise excellent article, "The truth about mortgage relief" (November 17), based his calculation of the value of mortgage interest tax relief upon it. It is rubbish, of course, otherwise the current building society practice of pressuring borrowers to fund for their repayments by paying premiums on 25 year endowment policies would look even more cynical.

In 1984 annual repayments divided into loans outstanding came to something over 10, not seven, but the figure is of no importance. What happens, of course, is that many mortgagors move house and transfer the mortgage, probably increased, to the new purchase, but for some curious reason the statistician regard them as progress as the repayment of a loan and the grant of a new one. Even the building societies seem to have persuaded themselves that it provides genuine cash flow, and as it amounts to nearly four times their cash flow from regular repayments they have been quite blithe about handing over half the latter to the life assurance companies, thus providing the life companies with the funds to muscle in on the mortgage market and proof of the truth of the old Roman proverb, "Those whom the gods would destroy they first make mad." The potential cash flow they have already diverted, with inadvertence worthy of Miss Prism, to the life companies is over £40bn.

Guy Keating ought therefore to have made his calculations on the basis of a more realistic, and yet conservative, 25 years. On this basis the tax relief is causing house prices to be raised by about £6,000. Abolition of the relief would increase the net cost of paying off a £30,000 mortgage by around £20,000.

But £6,000 is quite a small sum related to the present overpricing of houses in the London area. Other factors are at work. The ability to get two lots of tax relief if a pair buying a

house are not spouses is becoming an important factor. Even the married couples have had their ability to push up house prices enhanced since the dogooders, with their unfeeling talent for getting things wrong, pressurised the lenders into taking into account wife's earnings for loan purposes. The sad result is that it is no longer possible for one young earner to finance a mortgage in London on anything bigger than a one-bedroom flat and new that inflation is not helping to erode away annual repayments young couples can look forward only to work and childlessness. Geoffrey W. Gardiner, 3, Molly Potts Close, Knutsford, Cheshire.

Wealth and employment

From the Secretary, Institution of Production Engineers

Sir—The annual report from the Invisible Exports Council (November 13) confirmed my long-standing belief that Britain's service industries alone cannot produce the wealth or the employment that this country desperately needs.

Lord Limerick, chairman of the council, is quoted as saying "Extra jobs in the service sector will be numbered in tens of thousands rather than millions and they will not compensate for jobs lost in manufacturing industry."

The only way that Britain can produce wealth and employment is by concentrating resources, both human and financial, on manufacturing industry.

We must overcome an in-built cultural bias against industry so that Britain's brightest young school leavers and graduates are encouraged to go into productive industry rather than professions and City of London. Only then will manufacturing industry have both the impetus and the resources needed to provide a real boost to the UK economy.

R. J. Miskin, 66, Little Ealing Lane, W5.

Peripatetic merino

From Dr J. Simpson

Sir—The report (November 21) that the Wool Council of Australia has voted to support a proposed ban on the "export

of Australian merino sheep genetic material "will amuse Spanish readers. For centuries the fine wool of the merino was produced exclusively in Spain and exported to the rest of Europe. Population growth during the 18th century, however, increased the demand for domestic wheat, driving up the cost of rented pasture, and undermining the competitiveness of exported wool. Was still from the point of view of Spanish producers was that, contrary to popular opinion at the time, the merino turned out to be economically viable in other countries. So, in an attempt to protect Spain's competitive advantage, the Government forbade the export of the sheep. That Australia has the merino today is partly a reflection of the failure of Spain's 18th-century protectionism. Perhaps Spain's languished wool production today is destined to be revived by smuggled Australian scientific knowledge some time in the future.

A bargain in France

From J. Huisings

Sir—The article "To France, the safe way" (November 22) omits to mention that if you are an OAP and choose to travel on a "blue" day in the French Railways calendar you can at the same time go the cheap way. As I informed readers in a letter some time ago, all one needs to do to save a lot of money is to book, not at French Railways in Piccadilly, London, but by telephoning the organisation in Calais. The tickets will be held for you and payment can be made on collection at Calais Maritime station. J. H. Huisings, Ripouletie, Gassin 83990, France.

Valuable in plastic

From Mr R. Sheppard

Sir—Please inform Lucia van der Post ("Bag ladies," November 8) that there is a very good reason why I and many of my friends, male and female, carry our valuables around in plastic bags (rather than in smart brief cases or "heavy duty bags") preferable marked (in England) "Sainsbury" or "Tesco" or some other down market store. It is in order to escape the attention of bag snatchers or muggers. Only a very desperate thief would run the risk of jail for what may turn out to contain only a few sausages! The plastic bag, however, should not be marked "duty free shop." That would brand you as a tourist and therefore very much a potential mugged! R. H. Sheppard, PO Box 54, Darling 7045, South Africa.

FT-ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS	Friday November 28 1986		Nov 27		Nov 26		Nov 25		Year ago (approx.)	1986		1985					
	Index	Change %	Index	Change %	Index	Change %	Index	Change %		High	Low	High	Low				
1 CAPITAL GOODS (217)	685.28	+0.89	7.25	14.13	16.25	685.30	681.82	672.94	578.92	723.28	587.56	14/1	733.28	304.86	38.71	13/2/74	
2 BUILDING MATERIALS (228)	456.28	+0.22	8.68	3.58	14.25	17.54	648.23	637.86	624.34	648.23	20/4	638.36	60.29	44.27	11/2/74		
3 CONTRACTING, CONSTRUCTION (29)	1352.23	-0.76	4.82	17.29	29.70	1352.27	1344.89	1338.62	1257.36	1288.78	2/7	911.88	220.78	74.26	4/2/74		
4 ELECTRICALS (12)	3726.61	-0.7	8.43	4.88	15.85	54.04	1785.73	1727.18	1644.25	2092.28	2/4	1589.01	2/1	2892.98	214.86	4/1	256.62
5 ELECTRONICS (32)	1265.68	+0.1	9.57	2.71	14.34	29.90	1994.35	1978.28	1978.28	1994.35	2/4	1994.35	299	422.25	184.86	45.8	5/1/75
6 METALS AND MINING (60)	324.58	+1.7	9.42	4.81	13.31	9.58	345.46	340.84	339.61	339.61	2/4	339.61	291	269.85	2/1	269.85	
7 METALS AND MINING (60)	351.24	+1.7	9.42	4.81	13.31	9.58	345.46	340.84	339.61	339.61	2/4	339.61	291	269.85	2/1	269.85	
8 MOTORS (14)	270.24	+0.4	10.21	3.88	11.37	6.70	270.22	268.40	263.62	261.81	3/2	261.81	5/7	266.58	1/1	266.58	
9 OTHER INDUSTRIAL MATERIALS (21)	1193.51	-0.8	7.48	4.58	15.87	38.23	2299.48	2285.89	2196.78	1894.62	1/4	1947.13	3/4	978.49	2/1	1947.13	
10 OTHER INDUSTRIAL MATERIALS (21)	1193.51	-0.8	7.48	4.58	15.87	38.23	2299.48	2285.89	2196.78	1894.62	1/4	1947.13	3/4	978.49	2/1	1947.13	
11 CONSUMER GROUPS (196)	978.28	+0.1	8.22	3.56	15.26	24.34	1331.20	1322.67	1221.35	790.71	2/4	790.71	3/4	792.82	1/1	792.82	
12 BEVERAGES AND DISTILLED (22)	678.28	+0.1	8.22	3.56	15.26	24.34	1331.20	1322.67	1221.35	790.71	2/4	790.71	3/4	792.82	1/1	792.82	
13 FOOD MANUFACTURING (24)	731.27	+0.3	9.31	3.84	14.08	17.06	727.82	725.45	718.08	696.26	3/4	707.79	2/1	964.64	3/4	54.25	13/2/74
14 FOOD RETAILING (16)	1393.64	+0.5	6.92	2.89	20.85	30.54	1388.82	1384.09	1364.14	1357.40	1/1	1357.40	1/1	1357.40	1/1	1357.40	
15 NON-FOOD RETAILING (28)	1294.28	+1.0	6.25	4.89	18.66	26.19	1299.26	1294.28	1284.38	1261.15	1/7	1261.15	1/1	1261.15	1/1	1261.15	
16 HOTELS AND TOURISM (22)	974.38	+0.6	7.58	4.15	17.28	25.49	967.99	967.94	955.38	777.24	2/1	777.24	2/1	777.24	2/1	777.24	
17 PUBLISHING & PRINTING (15)	268.22	+1.8	7.97	4.29	13.39	11.74	274.57	274.29	274.29	274.29	1/1	274.29					

NBB's Singapore creditors in talks

BY JOYCE QUEK IN SINGAPORE

Singapore-based creditors of the troubled National Bank of Brunei (NBB) have met to discuss their leading exposure problems to the latest stock announcement from Brunei.

NatWest invited most banks in Singapore to attend a meeting to discuss the problem. Some 40 representatives of banks turned up, though only 30 banks with an actual exposure to the NBB attended the meeting.

The NBB scandal erupted on November 20, when the Brunei Government took control of the bank. It has since arrested five people, among them Khoo Ban-Hock, NBB's chairman, and son of Tan Sri Khoo Teck Pui, the Malaysian businessman who is the bank's majority shareholder.

The younger Khoo has been charged with three others with alleged false accounting and conspiracy to defraud the bank. Its lenders and depositors of S\$1.3bn through excessive lendings to Khoo-related companies and individuals without adequate security, guarantees and proper payment of interest.

Sharp gain at Southern Life of South Africa

By Jim Jones in Johannesburg

SOUTHERN LIFE Association, the life insurance arm of Anglo American Corporation, registered strong business growth in the six months to September and expects further satisfactory growth for the rest of the financial year.

The first half's net premium income rose to R408.8m (\$182.7m) from R309.3m, investment revenue increased to R250.9m from R230.3m and the interim tax profit attributable to shareholders increased to R25.9m from R21.6m.

Total assets increased to R2.55bn in September 30 from R2.51bn at the end of July. Earlier this month, Southern joined with its controlling shareholder and the De Beers diamond company to acquire control of Barclays National Bank (Barnat) from Barclays of the UK.

Southern is South Africa's fourth largest life assurance company. Its interim earnings increased to 15.5 cents a share from 13.2 cents and the interim dividend has been lifted to 9.5 cents from 8 cents.

Fedvolks stages recovery but no dividend yet

By Our Johannesburg Correspondent

RATIONALISATION and some improvement in consumer spending have combined to restore turnover and profits of Federale Volkbelegings (Fedvolks), the South African industrial holding company. But the directors do not believe that dividends can yet be declared.

Turnover was R1.23bn (\$545.4m) in the six months to September, up from R1.04bn in the corresponding 1985 period. Pre-tax profits were R43.5m against R18.7m. This year's earnings have resulted in earnings of 10.9 cents a share against a first-half loss of 15.7 cents last year and a loss of 8 cents for the year as a whole.

\$350m purchase by Brunswick

BY DAVID OWEN IN NEW YORK

BRUNSWICK, the Illinois-based manufacturer of leisure and industrial products, announced yesterday that it had agreed to acquire Ray Industries, a leading pleasure boat builder and its subsidiaries for some \$350m.

The deal will be for cash and approximately \$50m worth of stock. The move is Brunswick's second acquisition of a pleasure boat maker within a month, following the agreement to acquire Bayliner Marine, the world's largest producer of such craft, for \$425m. The deal is still pending.

Ray Industries, based at Knoxville, Tennessee, manufactures Sea Ray glass fibre boats, ranging from 14 ft to 46 ft in length. Sea Ray has seven US manufacturing facilities in addition to a plant at Cork in Ireland. Annual sales are approximately \$400m.

Mr Jack Reichert, Brunswick's chairman, said the acquisition "further strengthens the company's marine operations, which will include the Mercury Marine division and two of the leading pleasure boat builders in the world." Mercury Marine is a leading producer of marine engines.

Konishiroku earnings slide

BY IAN RODGER IN TOKYO

PRE-TAX profits of Konishiroku Photo Industry, Japan's second largest maker of photographic film and photocopiers, plunged 63.7 per cent to Y3.7bn (\$22.74m) in the six months to September, mainly because of the impact of the yen on overseas sales and revenues.

Exports account for about half the company's sales, which in the first half fell 7.4 per cent to Y147.4bn.

Konishiroku, which last month announced a \$100m plan to build a factory in the US to make some of its products, has forecast that its sales this fiscal year will reach Y310bn, down 1.2 per cent while profits will be down 30.9 per cent to Y11bn.

Sentrachem back in black

BY OUR JOHANNESBURG CORRESPONDENT

SEINTRACHEM, the diversified South African chemicals group, returned to profits in the six months to September principally because of lower interest charges and a sharply improved performance by the company's Afrapre synthetic rubber plant.

Turnover increased to R624m (\$277.9m) from R591m and an interim pre-tax profit of R8.8m compares with a loss of R4.1m. The group's financial year-end was changed to March 31 this year and in the nine months to that date turnover totalled R755m and the pre-tax profit was R14.8m.

Flying Tiger wage cuts agreed

BY CHARLES HODGSON IN NEW YORK

FLYING TIGER Line, which describes itself as the world's oldest and largest all-cargo airline, has reached agreement on wage and cost reductions with its pilots, making it likely that Tiger International, its struggling parent, will shelve plans to sell the air freight business.

Los Angeles-based Tiger International, which also operates a road haulage division, announced last week that it was putting Flying Tiger's assets up for sale because of failure to reach agreement on wage cuts with its 650 pilots.

Alan Friedman reports on a row raging in Italy's financial circles

Ciampi tries to set bank takeover rules

By Our Rome Correspondent

A NOISY public debate, verging on a public row, is blowing up in Italian financial circles on whether Italy's industrial holding groups should be allowed to acquire control of banks.

The debate has already set leading industrialists against the authority of the Bank of Italy, which has developed rapidly in recent weeks and is a reflection of the increasingly acquisitive strategies of cash-rich conglomerates such as those controlled by Mr Gianni Agnelli, Fiat chairman, and Mr Carlo De Benedetti, the Olivetti chairman, who also controls a diversified industrial and financial empire.

The immediate catalyst for the debate has been Bank of America's decision to put its Italian bank subsidiary on the auction block. Both Mr Agnelli and Mr De Benedetti (through his Cofide holding company) have expressed interest in acquiring the Banca d'America d'Italia, a profitable 98-branch bank with \$2.4bn of deposits.

The Italian central bank made it abundantly clear to both the Agnelli and De Benedetti groups that there could be no question of an industrial holding group buying the Bank of America subsidiary.

But both Fiat and Mr De Benedetti have acquired key minority shareholdings in the Bologna-based Credito Italiano, one of Italy's wealthiest private banks. The Montedison chemicals group, meanwhile, has obtained control of Banca Mercantile, a small investment bank. And Gemina, the holding company which is effectively controlled by Fiat, is said to be on the look-out for a possible bank acquisition.

The problem is that Italy does not have clear legislation on a question of companies buying banks. With this

L40bn profit for Montefibre at 10 months

By John Wyles in Rome

MONTEFIBRE, Italy's largest producer of man-made fibres, yesterday announced a consolidated 10-month profit of L40bn (\$28.7m) in advance of a L100bn share placing through London later next month.

This is the first consolidated profit figure produced by the Montedison subsidiary and is based on sales of L500bn. The unconsolidated profit was L30.9bn which will be followed by an advance dividend of L40 per ordinary and saving share to be paid on December 16.

The shares, to be placed through a consortium headed by Credit Suisse, First Boston, are expected to reduce Montedison's holding from 70 per cent to 50 per cent. The profits figures confirm Montefibre's recovery since 1984, when it ended a decade of losses. The full-year profit in 1985 was L30bn.

interim pre-tax profit of R8.8m

Although terms of the agreement were not revealed, Mr Stephen Wolf, Flying Tiger's chairman, said: "The final package meets our needs for beginning to revitalise the airline." Mr Wolf added that he would recommend to Tiger International's board that the planned sale be dropped.

The ailing Flying Tiger Line, founded at the end of the Second World War by one of the original volunteer Flying Tigers, who flew against the Japanese in China, warned in October that it might consider

halting operations unless its 6,500 employees accepted sharp cuts in wages and other cost savings. The company later set a deadline of mid-November for agreement on a \$37m savings package.

The pilots responded with a package that included a 25 per cent cut in pay, but this was rejected by the company since it included too few changes in work rules and other concessions.

Tiger International incurred a net loss of \$72.2m on revenues of \$1.15bn last year.

and proper payment of interest.

A fifth man, an NBB signatory, and employee of Tan Sri Khoo, will be charged today.

Tan Sri Khoo is said to be holding discreet discussions with the Brunei authorities (through Sultan Hassanal Bolkiah) is said to have refused to accept any of his telephone calls for a significant amount of funds to be paid from one, possibly two sources. The elder Khoo had flown to London earlier in the week to resign his directorship at Standard Chartered Bank, and is thought to have sought to discuss a financing package. He is expected to fly to Hong Kong next.

and the company's top management

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WEEKLY PRICE CHANGES

Table with columns for Commodity, Unit, Change on week, Year ago, High, Low. Includes METALS, GRAINS, WHEAT, SOYBEANS, etc.

Unquoted: (a) Madagascar, (b) Nov-Dec, (c) Jan-Feb, (d) Dec, (e) Jan, (f) Dec, (g) Nov-Dec, (h) Dec-Jan.

ALUMINIUM

Table with columns for Unofficial +/- or High/Low, Price, Change. Includes US, UK, etc.

INDICES

Table with columns for Index Name, Value, Change. Includes REUTERS, DOW JONES.

COPPER

Table with columns for Grade, Price, Change. Includes US, UK, etc.

COFFEE

Table with columns for Coffee Name, Price, Change. Includes Arabica, Robusta.

LEAD

Table with columns for Unofficial +/- or High/Low, Price, Change. Includes US, UK, etc.

NICKEL

Table with columns for Unofficial +/- or High/Low, Price, Change. Includes US, UK, etc.

TIN

Table with columns for Unofficial +/- or High/Low, Price, Change. Includes US, UK, etc.

ZINC

Table with columns for Unofficial +/- or High/Low, Price, Change. Includes US, UK, etc.

GOLD

Table with columns for Gold Name, Price, Change. Includes Bullion, etc.

GOLD AND PLATINUM COINS

Table with columns for Coin Name, Price, Change. Includes Am Eagle, etc.

POTATOES

Table with columns for Potato Name, Price, Change. Includes US, UK, etc.

SUGAR

Table with columns for Sugar Name, Price, Change. Includes London Daily Price, etc.

SILVER

Table with columns for Silver Name, Price, Change. Includes Bullion, etc.

SOYABEAN MEAL

Table with columns for Soyabean Meal Name, Price, Change. Includes US, UK, etc.

US MARKETS

IN THE ABSENCE of the Nymex and CNG contracts as the Thanksgiving holiday was extended, it was gold which attracted most of the attention in what generally proved a lacklustre day in New York, reports Helmsold.

The market promised well, with spot European prices trading around \$390 per ounce in the morning, as a combination of nervousness ahead of first notice day on the December contract and an unsettled dollar in the wake of further revelations in the Iranian arms scandal provided the metal with reasonable interest in its role as a barometer of uncertainty.

However, trade remained slow and there was a lack of follow-through sentiment. Nevertheless, February prices retained their gains and showed a \$7.7 increase on pre-holiday values to close at \$394.8 per ounce. In Chicago, the Board of Trade saw more technical buying on wheat, as weather concerns continued to fuel the upward momentum of the previous trading sessions and a dearth of deliveries on the December contract, subject to first notice, encouraged the fundamental bulls.

ALUMINIUM 40,000 lb. cents/lb. Dec 48.20, Jan 48.20, Feb 48.20, Mar 48.20, Apr 48.20, May 48.20, Jun 48.20, Jul 48.20, Aug 48.20, Sep 48.20, Oct 48.20, Nov 48.20, Dec 48.20.

COPPER 25,000 lb. cents/lb. Dec 60.45, Jan 60.45, Feb 60.45, Mar 60.45, Apr 60.45, May 60.45, Jun 60.45, Jul 60.45, Aug 60.45, Sep 60.45, Oct 60.45, Nov 60.45, Dec 60.45.

WHEAT 5,000 bu. cents/50 lb bushel. Dec 186.6, Jan 186.6, Feb 186.6, Mar 186.6, Apr 186.6, May 186.6, Jun 186.6, Jul 186.6, Aug 186.6, Sep 186.6, Oct 186.6, Nov 186.6, Dec 186.6.

SOYABEANS 5,000 bu. cents/50 lb bushel. Dec 55.80, Jan 55.80, Feb 55.80, Mar 55.80, Apr 55.80, May 55.80, Jun 55.80, Jul 55.80, Aug 55.80, Sep 55.80, Oct 55.80, Nov 55.80, Dec 55.80.

WHEAT 5,000 bu. cents/50 lb bushel. Dec 220.20, Jan 220.20, Feb 220.20, Mar 220.20, Apr 220.20, May 220.20, Jun 220.20, Jul 220.20, Aug 220.20, Sep 220.20, Oct 220.20, Nov 220.20, Dec 220.20.

WHEAT 5,000 bu. cents/50 lb bushel. Dec 220.20, Jan 220.20, Feb 220.20, Mar 220.20, Apr 220.20, May 220.20, Jun 220.20, Jul 220.20, Aug 220.20, Sep 220.20, Oct 220.20, Nov 220.20, Dec 220.20.

WHEAT 5,000 bu. cents/50 lb bushel. Dec 220.20, Jan 220.20, Feb 220.20, Mar 220.20, Apr 220.20, May 220.20, Jun 220.20, Jul 220.20, Aug 220.20, Sep 220.20, Oct 220.20, Nov 220.20, Dec 220.20.

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USM The Financial Times is proposing to publish a survey on the Unlisted Securities Market on Tuesday 20 January 1987. For further information, please contact: Colin Tennant, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY, Tel: 01-248 8000 ext 3300, Telex: 885033.

Active retail trade in Government bonds

FOREIGN EXCHANGES

Dollar loses confidence

THE DOLLAR lost ground in this trading yesterday. Sandwiched between Thursday's closure of US centres and the weekend, there has been little prospect of any reason...

finished unchanged at 68.1, it fell to DM 2.8275 against the D-Mark, equal to its lowest closing level ever...

IN NEW YORK

Table with columns: Nov 28, Last, Previous. Rows include 30-day, 90-day, 180-day, 360-day rates.

POUND SPOT - FORWARD AGAINST THE POUND

Table with columns: Nov. 28, Day's spread, Close, One month, Three months, Six months, One year.

STERLING INDEX

Table with columns: Nov. 28, Previous. Rows include 3.00, 4.00, 5.00, 6.00, 7.00, 8.00, 9.00, 10.00, 11.00, 12.00.

CURRENCY RATES

Table with columns: Nov. 28, Bank, Special, Margin, Currency, Exchange, Rate.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table with columns: Nov. 27, Day's spread, Close, One month, Three months, Six months, One year.

CURRENCY MOVEMENTS

Table with columns: November 28, Bank of England, Margin, Currency, Exchange, Rate.

EURO-CURRENCY INTEREST RATES

Table with columns: Nov. 28, Start, 7 days, One month, Three months, Six months, One year.

OTHER CURRENCIES

Table with columns: Nov. 28, £, \$, Exchange, Rate.

MONEY MARKETS

Bank gives help of £1.8bn

THE BANK of England gave £1.8bn of assistance to the London money market yesterday to meet an acute shortage of day to day funds.

FT LONDON INTERBANK FIXING

Table with columns: Nov. 28, Overnight, One month, Three months, Six months, One year.

LONDON MONEY RATES

Table with columns: Nov. 28, Overnight, 7 days, One month, Three months, Six months, One year.

Account Dealing Dates

Table with columns: First, Second, Last, Account, Dealings, Dates, Days, Months, Years.

London's Government bond market

London's Government bond market enjoyed an active session yesterday, but it was left to speculative issues to provide the features in a thinly-traded equity sector.

FINANCIAL TIMES STOCK INDICES

Table with columns: Nov. 28, Nov. 27, Nov. 26, Nov. 25, Nov. 24, Year ago, High, Low, High, Low.

LONDON REPORT AND LATEST SHARE INDEX

Standard's decline prompted sympathy in the UK and Commonwealth, which lost 6 points to 271.9 and 304.7 respectively.

Bid speculation boosted

selected Property issues. BEFC were particularly favoured on this score and closed 1 1/2% higher at 358p.

South African mining stocks

having displayed definite unease recently in the wake of Barclays' decision to withdraw its operation from the Republic.

W. H. Smith up again

W. H. Smith "A" a rising market throughout the week as speculators found stock in short supply.

Standard Chartered weak

Standard Chartered met with nervous selling in the wake of Mr Tan Sri Khoo Teoh Puan's resignation from the board.

LONDON TRADED OPTIONS

Table with columns: Option, Jan, Apr, July, Oct, Jan, Apr, July, Oct.

Pilkington edge higher

Pilkington continued to attract a considerable amount of interest and edged up 4 more to 617p as the market continued to speculate about the possibility of an early announcement of the company's share repurchase programme.

Traded options

Activity in traded options was virtually unchanged from Thursday's levels - total contracts transacted amounted to 25,003.

Traditional Options

- First dealings Nov 17 Dec 15
Last dealings Nov 25 Dec 22 Jan 2
Last declaration Feb 19 Mar 5 Mar 19
For settlement Mar 2 Mar 16 Mar 30

NEW HIGHS AND LOWS FOR 1986

Table with columns: BANKS, BUILDINGS, CHEMICALS, STORES, ELECTRONICS, ENGINEERING, FOODS, HOTELS, INDUSTRIALS, INSURANCE, LEISURE, MOTORS, NEWSPAPERS, PAPER.

NEW HIGHS AND LOWS FOR 1985

Table with columns: BANKS, BUILDINGS, CHEMICALS, STORES, ELECTRONICS, ENGINEERING, FOODS, HOTELS, INDUSTRIALS, INSURANCE, LEISURE, MOTORS, NEWSPAPERS, PAPER.

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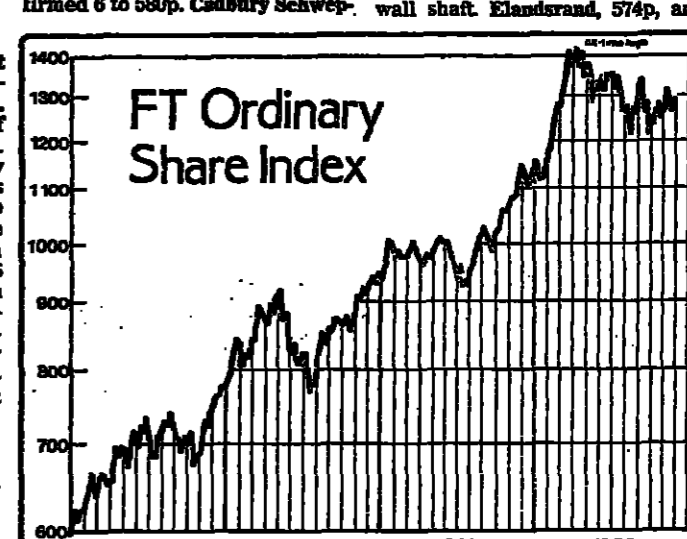
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27/11/50

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as British Trustee, British Overseas, and others, with columns for name, address, and details.

FT UNIT TRUST INFORMATION SERVICE

Main table of FT Unit Trust Information Service, listing numerous unit trusts with columns for name, address, and performance data.

MONTHLY AVERAGES OF STOCK INDICES

Table showing monthly averages for various stock indices from November to August, including Financial Times, Dow Jones, and others.

EUROPEAN OPTIONS EXCHANGE

Table of European Options Exchange data, including series names, values, and dates.

BANK RETURN

Table showing bank returns for various banks and departments, including liabilities and assets.

ISSUE DEPARTMENT

Table detailing the issue department's liabilities and assets, including various securities and cash.

INSURANCES

Table listing various insurance companies and their details, including names, addresses, and contact information.

INSURANCES

Table listing various insurance companies and their details, including names, addresses, and contact information.

AUTHORISED UNIT TRUST & INSURANCES

Main table containing financial data for various insurance and unit trust companies, including names, addresses, and performance metrics.

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BRITISH FUNDS

AMERICANS—Cont.

LONDON SHARE SERVICE

Table of British Funds with columns for Stock, Price, Div, and Yield. Includes sections for 'Shorts (Lives up to Five Years)', 'Five to Fifteen Years', and 'Over Fifteen Years'.

Table of American Stocks with columns for Stock, Price, Div, and Yield. Includes sections for 'CANADIANS', 'BANKS, HP & LEASING', and 'CORPORATION LOANS'.

BUILDING, TIMBER, ROADS—Cont. DRAPERY & STORES—Cont.

Table of Building, Timber, Roads, and Drapery & Stores stocks with columns for Stock, Price, Div, and Yield.

Updated

Index-Linked

INT. BANK AND OSEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LEASING

BEERS, WINES & SPIRITS

FOREIGN BONDS & RAILS

AMERICANS

BUILDING, TIMBER, ROADS

DRAPERY & STORES

ELECTRICALS

CHEMICALS, PLASTICS

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

INDUSTRIALS (Misc.)

ENGINEERING

Updated

Index-Linked

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CHEMICALS, PLASTICS

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

INDUSTRIALS (Misc.)

ENGINEERING

BUILDING, TIMBER, ROADS—Cont.

Table of Building, Timber, Roads stocks with columns for Stock, Price, Div, and Yield.

Table of Drapery & Stores stocks with columns for Stock, Price, Div, and Yield.

Table of Electricals stocks with columns for Stock, Price, Div, and Yield.

Table of Chemicals, Plastics stocks with columns for Stock, Price, Div, and Yield.

Table of Food, Groceries, Etc. stocks with columns for Stock, Price, Div, and Yield.

Table of Hotels and Caterers stocks with columns for Stock, Price, Div, and Yield.

Table of Industrials (Misc.) stocks with columns for Stock, Price, Div, and Yield.

Table of Engineering stocks with columns for Stock, Price, Div, and Yield.

Table of Building, Timber, Roads stocks with columns for Stock, Price, Div, and Yield.

Table of Drapery & Stores stocks with columns for Stock, Price, Div, and Yield.

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AMERICANS

BUILDING, TIMBER, ROADS

DRAPERY & STORES

ELECTRICALS

CHEMICALS, PLASTICS

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HOTELS AND CATERERS

INDUSTRIALS (Misc.)

ENGINEERING

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BUILDING, TIMBER, ROADS

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AMERICANS

BUILDING, TIMBER, ROADS

DRAPERY & STORES

ELECTRICALS

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Table with columns for stock symbols, prices, and changes. Includes sections for LEISURE, PROPERTY, INVESTMENT TRUSTS, and FINANCE, LAND.

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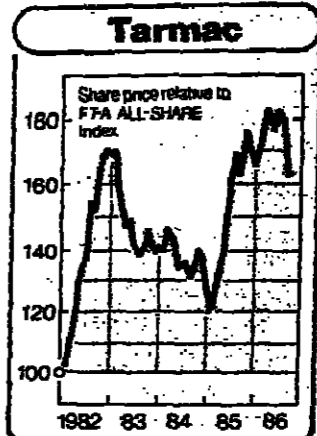
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Regional & Irish Stocks section at the bottom of the page, listing various international stock markets and their performance.

THE LEX COLUMN

Swings beat roundabouts

Index rose 6.2 to 1292.2



ber. Tarmac seems confident of doing even better, raising output without upsetting prices in an expanding market. Increasing market share and cutting costs further. Apparently the price was kept down by Lone Star's pressing need for cash.

Shareholders pondering the offer to buy shares from the vendor placing should remember that successive Tarmac issues have provided good buying opportunities — in the aftermarket. Meanwhile, Carnov can feel rather pleased with its first try at taking on an underwriting risk and cutting out the merchant bank. A share price fall of 6p to 22p, compared with the placing price of 400p, suggests that the risk was not really very large.

Ferranti

The market is not in a forgiving mood as far as Ferranti is concerned. The unexpected fall in 1985-86 profits announced in July still rankles, and yesterday's interim result, showing pre-tax profits ahead from £18.9m to £21.9m, was only just up to forecasts. Investors already a touch fed up, are not inclined to be generous in their interpretation of £2m of property profits in a £3m gain. The shares were unchanged at 27p.

The answer to Ferranti's little puzzle for shareholders — what happened to semiconductor operating profits excluding them rose 19 per cent — is that they made a loss of under £1m. Though the Japan/US pact on chips is probably not much help to Ferranti's specialised products, the first-half might have seen the tide turn and the division could break even in the second half if not for the year.

Shareholders might respond with another riddle. What happened to operating profits in the turnaround from losses to profits at Venus Scientific in the US and Ferranti GTE at home are excluded as well as the semiconductor swing? The gain might have been rather less than 15 per cent. That still is not too bad, given the exposure to defence and the offshore industry.

Ferranti should bounce back above the £46m pre-tax made in 1984-85 giving a multiple little higher than the market average. That suggests there is nothing in the price for a bid, but not should there be if Ferranti, like Plessey, is a protected species.

Tarmac/Lone Star

Despite its reputation as a paper mill, Tarmac has been remarkably restrained lately with barely a share issued in anger for nearly two years. It has been saved from itself to some extent, but could hardly be expected to hold back any longer. At least the purchase of 60 per cent of Lone Star Industries' Virginia, North and South Carolina businesses looks a good enough pretext to start turning the handle again. And, as the deal will not go through until after the year end, Tarmac will finish 1986 with almost the same share capital as it started.

On the vendor's warranted 1986 profits of \$45m (£31.5m) Tarmac is paying 12.5 times earnings, a multiple close to its own likely 1986 n/e, and there should be no dilution in 1987. Tarmac has wisely had the assets valued up front and at a figure within shouting distance of the purchase price. And it could turn out to be a well-timed currency transaction too.

To the suspicious it might even look as if Tarmac is not having to pay over the odds because the scope for increasing profits is limited. For a cement company, Lone Star has not done too bad a job on an aggregate business, getting the operating margins up from 11 per cent in 1981 to 21 per cent in the nine months to Septem-

Dollar falls sharply on Iran affair and trade figures

By Janet Bush

THE DOLLAR fell sharply yesterday to trade near its lowest levels this year because of deep unease about the standing of the Reagan Administration after its handling of the Iranian arms affair and weak economic figures earlier in the week.

Yesterday's low point for the US currency was only just above its weakest quote this year. Most foreign exchange dealers and economists are forecasting further dollar declines. The dollar had already been weakened by news on Tuesday of a large drop in US durable goods orders in October and by announcements on the trade positions of the US, Japan and West Germany. These figures showed that the impact of the dollar's heavy depreciation since the Plaza Hotel accord signed by the Group of Five in September 1985 only had a limited effect on the global trade imbalances which the pact aimed to correct.

Mr David Morrison, chief international economist with Goldman Sachs International, said the impact of the Iran affair deal in the US was a key factor in the currency's decline. Some foreign exchange dealers said the dollar may have yesterday escaped a deeper decline because many US traders had not returned to work after the Thanksgiving Holiday on Thursday.

The dollar closed in New York at DM 1.9715 having finished 1.6 pfennigs down in London at DM 1.9730. It had touched a low of DM 1.9700 during the London session, very close to its quoted low of DM 1.9685 two months ago. Substantial funds were switched out of the dollar into the D-mark, which pushed sterling to all-time lows against the West German currency. The pound ended in London at DM 2.8275 compared with the close on Thursday of DM 2.8425.

However, it edged higher against the dollar, closing at \$1.4345 in New York after finishing at \$1.4335 in London, where it had gained nearly half a cent. The sterling index, which measures its movement against a basket of currencies, finished unchanged on the day at 68.1.

Money markets, Page 11

Continued from Page 1

Gorbachev

press conference to be drawn into making pro-Indian statements in regional issues. On Afghanistan, Mr Gorbachev said that prospects of a political settlement in the near future did exist. He stressed the Soviet Union favoured a political settlement.

He also hoped both Soviet and Indian relations with Pakistan would improve. Mr Gorbachev's visit has underlined the warm political relationship between Moscow and New Delhi. Mr Gandhi said the visit had been a "major landmark in our relationship." He announced that bilateral trade, now about Rs 37bn (£2bn) a year, was planned to increase within six years by 250 per cent.

EEC to step up pressure on Japan

BY IAN RODGER IN TOKYO

BRITAIN AND the EEC are to step up pressure on Japan to open its financial and trade markets, Mr Paul Channon, the British Trade and Industry Secretary, warned yesterday.

Speaking to journalists after four days of talks in Tokyo with Japanese Government and industry leaders, Mr Channon said he felt he had made some progress on trade issues during his visit, but further pressure would be necessary. He predicted there would be several British ministerial visits to Japan in the near future.

The European Commission was preparing several more cases of unfair trade practices by the Japanese. These would be pursued, he said, with the same vigour as the present campaigns to open up markets for wines and spirits and ski equipment.

The world trading system was in a "very dangerous state,"

and unless the problem of huge imbalances was solved, it could collapse, Mr Channon warned. If that happened, the exporting countries would be hurt most, and the people who export most are us and the Japanese.

Mr Channon said Japanese leaders privately acknowledged the urgency of the situation, but it remained to be seen if they would move quickly enough to ease trade frictions. "It is difficult to say how seriously things are moving, but they are moving," he said.

Reminded of domestic political pressures working against the Japanese Government's attempts to open up markets, Mr Channon said: "They are no more strapped than we are. They have as big a majority as we have, and they have a long time before their next election. This is a time for courage."

Specific trade issues had been

raised in Tokyo, and Mr Channon said: "Proposals to change the Japanese tax system on wines and spirits would soon appear, but he doubted they would satisfy European demands for a system that does not discriminate against imports."

The new Japanese standards on ski equipment, which have been called non-tariff barriers by European governments and manufacturers, would be removed, but the Japanese continued to resist requests to have them removed immediately rather than at the end of the current season.

The Japanese were not receptive to the idea that foreigners be allowed to buy shares in Nippon Telegraph and Telephone, the state-controlled telecommunications concern now being privatised.

Mr Channon received some encouragement from the Tokyo

Stock Exchange that membership would soon be offered to more foreign-owned securities companies. He has threatened to use new powers to revoke securities licences or Stock Exchange memberships of Japanese companies in London unless there is "broad reciprocity."

He took advantage of his meetings with Japanese ministers to support a consortium, in which Britain's Cable and Wireless has a 20 per cent stake, that is bidding for the franchise to operate a second international telecommunications network in Japan.

The Minister of Posts and Telecommunications said he did not want foreign participation in the business, but Mr Channon argued it would be a good demonstration of Japan's interest in international collaboration. Japan's trade surplus, Page 2

Matsushita and Peking to build TV parts plant

By Carla Rapoport in Tokyo

MATSUSHITA ELECTRIC, the world's largest electronics company, and the City of Peking have agreed to build a \$100m (£59.75m) colour television components factory in Peking. The deal marks the largest manufacturing investment in China for a Japanese company.

The move, Matsushita's first joint-venture in China, comes as foreign investment and exports to China have been falling off, primarily because of China's restricted foreign exchange control.

The Osaka-based electronics company said yesterday that the deal had been under negotiation for more than two years.

A Matsushita executive said: "We know that exports of finished products (to China) did not do well this year and that next year does not look good. But we are very positive about increasing the number of technical assistance, plant export and joint venture deals with China."

The company has completed 90 technical assistance and plant export contracts with China.

The new Peking plant will produce colour picture tubes, initially for domestic consumption. When the plant is operating fully in 1989, it is expected to be capable of producing 1.8m units a year. Matsushita said the company would subsequently aim to export the components, in keeping with China's policy of maximising foreign exchange earnings.

Most of China's manufacturing joint ventures have encountered serious difficulties in recent years. Hitachi's colour television joint venture plant, for example, ceased production for some months this year because of a lack of components. Matsushita executives yesterday were unable to comment on whether the new joint venture would supply the Hitachi joint venture.

Matsushita, which is rapidly expanding its overseas production base because of the effects of the high yen, exports said the joint venture would not be used as a components source for its own products. "We are interested in importing components, but not from this project," a Matsushita executive said.

White House saves Iran papers

BY LIONEL BARBER IN WASHINGTON

THE WHITE HOUSE yesterday ordered staff to preserve telephone logs, and "any and all records" for the US Justice Department inquiry into the Iranian arms scandal.

Officials in Washington said investigators would try to establish whether Lt Col Oliver North, the National Security Council aide sacked for his role in the affair, shredded documents relating to the diversion of up to \$300m (£216m) of profits from US arms sales to Iran to Contra rebels in Nicaragua.

The White House directive was seen as an attempt to head off the controversy and speculation about the extent of senior officials' involvement in the scandal.

Mr Donald Regan, White House Chief of Staff, yesterday denied he knew about the diversion of funds to the Contras. An unnamed White House official was quoted by US wire services as saying Mr Regan had been informed by Lt Col North. Mr Regan said: "If

US government officials told Saudi Arabia made "substantial" contributions to the Nicaraguan Contra rebels following its purchase of the Awaac airborne early warning system from America, ABC News reported.

anything thinks they have got anything, have them take it to justice."

The Iranian arms scandal is escalating as the US press uncovers more alleged details of the National Security Council operation, the role of the Central Intelligence Agency and the extent of knowledge of top Administration officials.

The Justice Department has broadened its inquiry beyond the White House to study the role of the CIA and its director, Mr William Casey. The areas of inquiry are the Swiss bank accounts and CIA efforts to help the Contras fighting the Marxist government in Nicaragua. The CIA has been involved in many undercover operations

to help anti-Marxist guerrillas in Afghanistan, Angola and Nicaragua. Mr John McMahon, Mr Casey's deputy, resigned in February in what was seen as his unhappiness with these operations.

The Senate Intelligence Committee will open formal hearings of the scandal on Monday and will require all witnesses to testify under oath.

Yesterday, in a separate development, an Oregon businessman told the New York Times government intelligence sources told him the US Defence Department was planning to buy weapons for the Contras with profits from the Iran arms sales.

The businessman, Mr Richard Brenneke, said he had tipped off a senior military aide to the US Vice President, Mr George Bush. His memoranda to Mr Bush were released to defence lawyers in an Iranian arms sales case being tried in New York.

Shamir denies wrongdoing, Page 2; Tough test for Ed Meese, Page 6

Kohl 'considered S Africa deal'

BY PETER BRUCE IN BONN

CHANCELLOR Helmut Kohl of West Germany considered selling submarines and submarine components and blueprints to South Africa last year, a senior aide said in Bonn yesterday, although West Germany is signatory to international agreements forbidding the sale of weapons to Pretoria.

The South African Government is believed to have been given blueprints for the construction of at least part of a U-209 type submarine by a state-owned West German shipyard in Kiel before the yard, Howaldtswerke - Deutsche Werft, and an associated marine engineer, IKL, were

told officially to stop the trade more than a year ago.

The Finance Ministry in Bonn, which is responsible for export licensing, has since directed the Regional Finance Office in Kiel to investigate whether the transfer of the documents contravened West Germany's Foreign Trade Act. Any contravention could lead to heavy fines on the companies.

Mr Kohl's name was brought into the affair by Mr Franz Josef Strauss, the Bavarian leader, who said yesterday the South African ambassador in Bonn had asked him to help secure submarines, parts or

plans and that he, Mr Strauss, had asked the Chancellor if he would help win approval for a sale.

According to Mr Wolfgang Schuble, the minister in the Chancellery, instead of rejecting the idea outright Mr Kohl said the possibility would need to be examined because of strict West German laws governing arms sales abroad.

Mr Schuble said there were a number of informal talks on the subject between Mr Kohl and Mr Strauss, who is a keen lobbyist for Pretoria and often presses for the relaxation of Bonn's restrictions on arms sales.

Teachers' pay Continued from Page 1

£2,077 a year for about 80,000 teachers. The Government wants five allowances of up to £4,800 for 140,000 teachers, at the expense of basic salary rates.

The employers' fresh proposals are expected to be discussed at a meeting next Tues-

day with the four unions party to the agreement.

The mood of rank-and-file teachers will meanwhile be tested today at an NUT delegate conference in Blackpool called to approve the existing agreement.

Our political correspondent

writes: Mr John MacGregor, Chief Secretary to the Treasury, stressed last night that the Government would make no more public money available for teachers' pay. The employers' agreement is costed at £55m more than the £608m offered by ministers.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		FALLS	
Yday	midday	Yday	midday
°C	°C	°C	°C
Argyll Group	317 + 9	Smallshaw (R.) Knt.	73 + 5
Collins (Wm.) A	321 + 13	Staveley Industries	572 + 10
FKI Electrical	224 + 4	Stobart and Pitt	87 + 17
Ceevor Tin	34 + 5	Tals and Eyle	580 + 20
Goode Durrant	181 + 11	United Newspapers	378 + 22
Grand Metropolitan	482 + 25	Vaal Reef	2374 + 21
Hawker Siddeley	444 + 7	Vaux	505 + 17
Helical Bar	513 + 23	WCRS	525 + 15
HL and G. Group	275 + 7	Yorkshire Chemicals	166 + 7
Meyer International	282 + 10		
Milford Docks	75 + 9		
Nash Industries	131 + 23		
Rustenburg Platinum	690 + 23		
Saatchi and Saatchi	679 + 21		

WORLDWIDE WEATHER

UK today: Widespread fog then mainly dry with sunny intervals in E, and W. Outlook: Cloudy.

Yday	midday	Yday	midday	Yday	midday	Yday	midday
°C	°C	°C	°C	°C	°C	°C	°C
Ajaccio	15	16	Dallas	11	12	Medford	5
Alicante	19	20	Dublin	11	12	Madrid	9
Amsdem.	5	4	Dbrnk.	17	16	Malaga	15
Athens	12	14	Ednbg.	10	10	Malaga	15
Bahra	26	27	Faro	17	17	Manila	26
Bahra	26	27	Florence	17	17	Manila	26
Bahra	26	27	Frankf.	11	11	Manila	26
Bahra	26	27	Frankf.	11	11	Manila	26
Bahra	26	27	Frankf.	11	11	Manila	26

Spy-book Continued from Page 1

It became clear yesterday that Sir Robert's admission followed angry exchanges in the past few days involving Sir Michael. He has been telling friends he would not take responsibility for the 1981 decision on the Pincher book, in which he was not involved.

For Labour, Mr Gerald Kaufman, shadow Home Secretary, said the finger "now points directly at the Prime Minister." He said: "The issue is about the integrity of government decision-making and about the integrity of the Prime Minister himself."

Dr David Owen said: "For the Cabinet Secretary to be humiliated in a Sydney courtroom in the way that has happened over the past few weeks has done no good to the integrity and standing of the Government or this country."

"The sooner the Prime Minister drops this case and regains a proper sense of proportion the better for us all."

Surveillance of the security services is due to be debated by the Commons next Wednesday. Meanwhile, Mr Kinnock faced criticism from Tory MPs over the contacts of his office with Mr Malcolm Turnbull, the lawyer acting for the publishers of Mr Wright's book. He disclosed that there had been a series of telephone conversations between both him and members of his staff and Mr Turnbull concerning the background of the proceedings.

He said all the conversations, totalling eight, had been brief and "all related to public proceedings." He denied that either he or his staff had any form of contact "with anyone directly or indirectly connected with the case in Australia that has not been easily available to any newspaper or broadcasting organisation."

Yesterday's developments came on the 10th day of proceedings in New South Wales Supreme Court. The session was held in camera but details were revealed after Mr Justice Powell and the two parties to the dispute agreed that they should be released.

Sir Robert Armstrong said he had unwittingly misled the court by stating that the advice that there was no basis for restraining publication of the Pincher book had come from Sir Michael Havers himself.

In fact, he said, it had been reached by legal advisers after consultation in various departments. According to Sir Robert, who apologised to the court four times, he learnt only yesterday morning from a Cabinet Office colleague that Sir Michael was not personally involved and he had intended to find an opportunity to put the record straight.

Sir Michael, he said at another point, had been unhappy with the answers he had given in court. However, Sir Michael had not expressed to him any

surprise at the advice itself. According to the authorised transcript of proceedings, at some unspecified point in 1980 a small group — Mrs Thatcher, Mr William Whitelaw, Home Secretary, the Director-General of MI6, Sir Robert Armstrong, Cabinet Secretary, and one or more legal advisers — apparently did the following:

- Held a meeting which was probably not minuted because of its secrecy.
 - Discussed the implications of a book the transcript of which they did not officially have.
 - Received advice that there was no basis for restraining publication.
 - Did not question that advice.
 - Held a common view that the Pincher book should not be published given its sensational content.
 - Nevertheless allowed the book to proceed, though without actually deciding this.
- The advice received came from unknown and unidentified advisers who had also held unminuted meetings. They did not include Sir Michael Havers, the minister responsible for legal advice but, according to Sir Robert Armstrong, Sir Michael did not agree that there was no basis for restraint.
- Meanwhile the British Government has obtained injunctions in Dublin and London preventing publication and distribution of the book One Girl's War by the late Ms Joan Miller, a former MI5 officer.

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WEEKEND FT

Saturday, November 29, 1986

MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV

As the best designed and most expensive yachts in the world race for the America's Cup, David Palmer and Keith Wheatley weigh up the odds

Syndicated wizards of Oz

THE first thing you see in the in-house boatbuilders shed of the all-conquering Australian Kookaburra syndicate is the complete aluminium 12-metre yacht. Yes, just the rear 30 ft or so. That used to be the aft section of Kookaburra III, says Malcolm Bailey, managing director of the syndicate. "But after 10 days of racing we had Kookaburra in here and cut her in half." (Just to keep competitors in the dark, the team moved the boat at Kookaburra I, and sailed that boat as Kooka III for 10 days.)

Even on the day Kookaburra III was launched the syndicate knew her rear was wrong. Its development programme, based on a continuous round of designing, tank-testing, wind-tunnel testing and increasingly on throw-models, had told it could do better. Next door to it shed where giant yachts are usually seen in half is a full-size sail-loft. A team of sailmakers are building four new sails each week. Just 40 hours use wrecks a sail. The first ten hours are not even used for racing. The sails are trialled and tested on a recent and re-used until the Kookaburra team is satisfied that they are good enough to go out to do battle.

Mainstays and genoa all carry broad black stripes from luff to leech. Inside the mast are computer sensors that read the shape of the sail, the depth and shape of the camber, and report it back to an on-board computer which is also measuring windstrength, direction and boatspeed. By the time a Kookaburra sail is judged ready for racing, those cameras are helping the mainsheet and the trimmers, themselves all world-class helmsmen, determine whether the sails are at optimum shape.

What of the cost of such thoroughness? Kevin Parry, whose Parry Corporation is underwriting the Kookaburra campaign, told skipper Iain Murray he wanted "no stone left unturned." "I wanted Kevin that turning over stones costs a heap of money," says Murray. The original cost projection was \$4.2m; spending so far is \$5.1m. If they go right through to the final in early February it will be \$8.25m (about £1.5m).

"It's not a budget at all," says Malcolm Bailey. "It's simply a question of keeping a record of expenditure."

The racing starts again next Tuesday. For the past two weeks around Fremantle every syndicate has been singing the same song. "We're right on target. During this break in racing, we're improving our sails/fitting a new keel/cutting a piece off the deck here, a piece off the underbody there/moving the mast a few inches thataway. In the next round, watch us go."

In other words, everyone has been engaging in what the weekend yachtsman would call "tweaking". Except that America's Cup tweaking may well involve fitting a new keel, or cutting off large sections of the boat. The Kookaburras have so far used 14 variations of keel and plan to test four more. They have built 150 sails at an average of about \$8,000 a sail, and plan another 100 between now and the finals.

Sails are the engine of a boat — as capable of fine tuning and adjustment as the motor of a Formula One racing car. But the hull and keel shape are the body and aeroflot and the tyres and the suspension all rolled into one. A boat designed for light weather is as useless on a heavy weather day as a racing car wearing wet tyres on a dry track.

The weather pattern is changing as southern spring moves into summer, and

the winds are forecast to blow more heavily and more steadily. This is the primary variable that the teams have been throwing into their tweaking.

Extraordinary shapes are found beneath these boats. The famous winged keel that Australia II used in 1983 to win the Cup is old hat. The keels are getting more and more extreme. One that Kookaburra has used has a 12-foot wide wing span—almost the width of the boat.

One of the challengers has a 10-foot wide keel, shaped like the wings of a jet aircraft. The wings lower the weight of the keel (good for windward sailing and heavy breezes), help modern 12-metres tack at the speed of a dinghy as they grapple with each other on the water, and add to the lift that enables a twelve to sail at 32 degrees to the wind, over 10 degrees higher than a normal one-design racing boat.

All this money and all this development have transformed 12-metre racing in September 1983. Alan Bond, the Australian financier, lifted the America's Cup from its century-old home in the New York Yacht Club and carried it in triumph to Perth. As recently as last February, Bond's Australia III won the world 12-metre championship. Now, Australia III is completely outclassed and has been withdrawn. But at the front of the fleet, Bond's Australia IV, and Kevin Parry's two Kookaburras are, to all intents and purposes, identical in performance.

A 12-metre goes approximately one boat length every five seconds. When you read of an America's Cup race which has been won by 10 seconds, that means that there was one clear boat length of water between the two boats at the finish, after three and a quarter hours of sailing.

In match racing, the leader at the first mark will — other things and most especially boat speed being equal — win the race; and because it is so hard to get through from behind, the difference between a five-second victory and a 60-second victory is one of tactics, not of boat speed.

In steady breezes, the two Kookaburras and Australia IV have never finished more than a minute apart. In other words, the three top Australian defenders are all going at the same speed.

So, what's the difference? Why are the coarse laughs of the Kookaburra birds every evening being echoed throughout the syndicate? Because Iain Murray, the Kookaburra III helmsman and the moving spirit behind the Challenge, has so far outalled, outthought and outpaced Bond's Australia IV team. As they both improve race by race, the minute edge that Murray is establishing on the racecourse is building up into a larger and larger morale and psychological ascendancy.

Colin Beashel is throwing away starts when he has them won; last week, he clipped Murray's backstay during a tacking duel and was disqualified — but not until he had been pushed through a gruelling protest by the Bond syndicate which they must have known he was

bound to lose. Match racing at this level is won in a split second—one slip of concentration, one missed tack, one tiny error of judgment and the race is thrown away. And you won't be given a second chance.

Over in the challenger series, it is a very different story. Because there are 11 of them, the leaders do not race each other so often, and the finishing margins are rarely as close. The New Zealanders have a good all-round boat, and have only lost one race — and significantly are the only syndicate in town that has not been doing any radical tweaking. America II is similarly good

all round, but not quite as good as New Zealand in heavy winds, and shows an extreme dislike of sloppy seas left over from a previous day. Looming in third place is Dennis Conner in Stars and Stripes, who will forever be known as the man who lost the America's Cup after 132 years. Conner has gambled on heavy weather—whenever it blows he is right up there, but in light airs, the boat is a dog. Both Conner and the America II syndicate have been tweaking heavily.

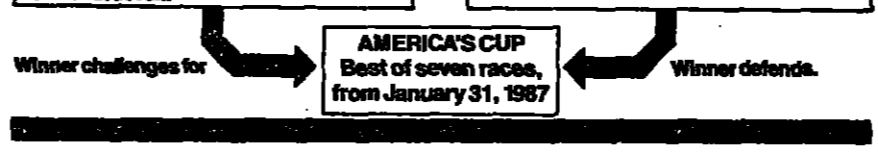
The British are still hanging in there. White Crusader is at her best in the middle range of winds — 11-18 knots.



Stars and Stripes (foreground) tucks, followed by French Kiss

AMERICA'S CUP: how they stand

CHALLENGERS (After two round robins)				DEFENDERS (After two round robins)			
Boat	Won	Lost	Points	Boat	Won	Lost	Points
● New Zealand Chris Dickson	22	1	66	● Kookaburra III Iain Murray	10	0	29
● America II John Kollis	20	3	58	● Australia IV Colin Beashel	8	4	20
● Stars & Stripes Dennis Conner	16	5	46	● Kookaburra II Peter Gilmour	5	5	19
● French Kiss Marc Pajot	13	10	45	● Australia III Gordon Lucas	4	6	12
● White Crusader Harry Cudmore	15	8	43	● South Australia John Savage	3	7	8
● USA Tom Blackaller	15	3	43	● "Sheek" "Kidney" Fred Neil	0	2	0



Their tweaking has been aimed at lifting that wind range — and finding that fraction of boat speed and that marginal improvement in crew performance that has so far eluded them and would put them on level terms with the leaders.

When the 10-minute gun fires for a match-race, there can be no further contact between boat and the outside world until the finish. For the next three hours a team of 11 men, each with his own unique job to do, is on its own — and must work as a perfectly integrated unit.

The role of the skipper becomes central and America's Cup skippers come in all shapes and sizes. Iain Murray, for example, is the charismatic entrepreneur-chief executive, the brilliant helmsman who leads through dedication and example. He is quiet and softly-spoken by temperament; large and tubby in build. His crew dote on him and affectionately refer to him as "Lard." He has chosen the best team in town, and he knows how to delegate to his sailmaker, his boatbuilder, his computer man, and his shore maintenance team.

At the very opposite end of the spectrum is the New Zealand setup. Chris Dickson, the Kiwi skipper, is sometimes compared to John McEnroe three years ago. "No," reflected a NZ unsympathetic member of the NZ camp. "That assessment may have been true last year. But Dickson has matured since then."

The New Zealand campaign is organised along classic business management lines. The full-time chief executive is Michael Fay, a 36-year-old lawyer and banker with little background in yacht racing. He delegates key decisions to two line managers: decisions on the boat and all its equipment are taken by Dickson's 54-year-old father; crew selection and training are handled by a French sailing coach.

Dickson is precociously talented. But in organisational terms, he is the young departmental manager whose brilliance has brought him early promotion but who is not yet thought ready for executive responsibility. "I just drive the boat" is his stock answer to searching questions about the campaign. And he is driving it very fast — so fast that "it has captured the hearts and wallets of the New Zealand public. On one recent day, the syndicate received 3,000 letters of support."

Dennis Conner is the one-man band manager. The entire four-boat US\$20m programme of the Sail America team is based around Conner's aching need to prove himself once more in the America's Cup arena. The brooding genius of 12-metre racing is convinced he was "out-tuned" at Newport in 1982 but not out-sailed. Within the syndicate all roads lead back to Dennis.

"Twas not always like this. In 1977, just nine years ago, the Australians turned up in Newport with just one mainsail for a challenge. That was the year that Ted Turner, the Atlanta

broadcasting tycoon and the last of the gifted amateurs to sail an America's Cup won the contest.

Today, the skippers and crews gathered in Fremantle are the very best in the world. They have almost all won a gold medal or a world championship; so have many of their mainsheet and genoa trimmers; while the "grinders"—the gorillas who man the coffee-grinder winches—are often drawn from the ranks of Olympic oarsmen or international Rugby players.

And they are full-timers. When they are not sailing America's Cup, they are off on some international ocean racing circuit or some match-racing series. But most of the time, they are racing America's Cup.

The New York Club, for instance, brought its first twelve out to Fremantle over two years ago. Most of the challenging syndicates had boats and crew and support teams of 50-100 people here for the 85-86 season. One way and another, an America's Cup campaign will take up a minimum of two years of a yachtsman's life.

Conner started it all. In the year leading up to the 1980 American trials, he calculated he had spent 340 days at the helm of one of the two 12 metres he had built to tune up against each other—earning himself the immortal quip from the effervescent Ted Turner: "And he a full grown man?"

But where Conner led, others now have to follow. There will never again be a winning America's Cup campaign based on one boat. This time, Conner has built four; the New York Yacht Club, the Kookaburra syndicate and the Kiwis have all built three; and the Bond syndicate and the British two each.

It is the end of sailing as an amateur sport, at this level. It is the end of the great individual challenge from the Liptons or the Sopwiths or the Turners. It is the age of multiple sponsorship, of multi-million dollar, multi-boat, multi-technology campaigns.

Ironically, this change gives the first timer a better chance. Both the Kevin Parry-Iain Murray Kookaburra syndicate and the New Zealanders are challenging for the first time. A well-financed, well-managed campaign by first-timers in which all the elements come right at the right moment can now win the America's Cup.

And the winner? On the Australian side, it is hard to see Iain Murray and Kookaburra III being beaten — except by Iain Murray driving Kookaburra II. A Kooka v Kooka Defender section final is by no means out of the question. And yet, Australia IV and Colin Beashel and the whole Bond syndicate have oceans of experience. They face a task, however, as heavy as Karpov did against Kasparov at the halfway stage of the World Chess final.

Among the challengers the big uncertainty is Conner. Will he, like a heavyweight boxer on his comeback fight, suddenly come good against the odds? Or will the cracks in him and his campaign finally sink it?

That leaves the confident and on-form New Zealanders and the carefully modulated, vastly experienced New York Yacht Club campaign of America II as the most likely winners — with the British fighting a rearguard action to push talent and commitment ahead of shortage of time and money.

Given that it is far too early to say, and any prediction is certain to be proved wrong: Kookaburra III to retain the America's Cup for Australia by beating America II in the Cup races in February.

The Long View

Don't be blinded by science

THE National Institute for Economic and Social Research may or may not be the most accurate of the better-known forecasters of the British economy (and if it is the most accurate, we are in fairly bad trouble). It has a good claim, however, to be considered the most honest. It publishes regular post-mortems on its own performance (as well as that of its rivals), and owns up when there is evidence of bias in the past, (which has tended to be on the gloomy side).

What is more, it prints a health warning on all its main forecast tables. These contain, as is usual, large numbers of apparently precise figures, and the veterans of Dean Trench Street know how seductive this appearance can be. So each table is headed very noticeably with the words: "The forecast with the words: 'The forecast figures are not intended to be more precise than the general statements in the text.'"

Ideally this warning should appear in letters of gold, on all forecast tables, but I suspect that many actual forecasters would be very reluctant to follow the NIESR example. They are themselves seduced by the apparent precision of the figures which their computers print out. They forget the nature of the process by which the figures are generated; readers should remember it.

The basic idea of forecasting, which should perhaps be called projection, is wonderfully simple. Some years ago, when Wynne Godley and his staff had established a formidable record of gloomy predictions in their medium-term forecasts for the Expenditure Committee of the House of Commons, I asked a fellow Cambridge economist, Bert Turner, how it was done. "Well, you see," he said, "we're frightfully good with rulers at Cambridge."

That statement contains two profound truths about fore-

Current forecasts for the British economy range from cheerful to downright alarming, with rising inflation, a yawning deficit and an unravelling Budget. Anthony Harris tries to read between the lines.



casting. First, the art consists of measuring and then projecting trends—and the projection can be done (on log paper) with nothing more sophisticated than a ruler. Further, if the initial measurement was done, and if the trends remain unchanged, then it is actually easier to produce a good forecast for five or even ten years than for next year. This is because in the short term, developments may be dominated by swings around the trend; in the medium term, these swings cancel themselves out.

Most forecasts, then, are based on two kinds of study. One is a measurement, based on past figures, of basic performance trends—productivity growth, competitiveness and share of world trade, with perhaps some adjustments for technical change and population growth. This is fairly pure estimation, as accurate as the forecasters can make it, given unreliable official figures as their raw material. These underlying relationships then become one set of equations in something a good

deal more contentious—the short-term forecast, which necessarily contains a great deal of economic theory. Different forecasters have quite different beliefs about the relative importance of, say, the Budget balance, the rate of money growth, the level of interest rates, wage behaviour and all the other suggestive evidence which is published.

These beliefs are turned into equations which state cause and effect, estimated by looking at the past, and combined into the model—the set of equations the computer uses to predict the future. If you are allowed to play with these models, it is quite amusing to work out the prejudices in the model—for example, you key in a rise in world interest rates and see what happens to the forecast. If this process yields results that look plausible, you tend to believe the forecast.

Finally, there may be a process which seems to invalidate the whole science. Serious forecasters are always tinkering with their equations, trying to remove the sources of past errors, so that the results are always a little provisional. As a result some forecasters (including those at the Treasury) have been known to look at the print out, decide they don't believe it—or don't want to believe it—and modify it.

This is known in the jargon as "an econometric model supplemented by judgment"—in other words, computer print out modified by educated guesswork. The result will be an improved forecast, if the judgment is that of a good forecaster; but it is in no sense precise. You should never, then, take tables too seriously; and even when you see a chart, draw a nice wide area of shading round each line.

There are times, though, and this is one of them, when this pinch of salt is not enough. You

can only reconcile the latest Treasury forecast with the latest from the National Institute by reducing them to the vaguest of statements—"growth will continue." "inflation will rise." "the current account will go into deficit." This covers both the reassuring official figures and the frightening unofficial ones. You will want to do better than that.

You must try, then, to understand two problems which forecasters face—allowing for institutional change, and detecting changes in long-term trends. The main institutional problem at the moment surrounds financial deregulation: what, if anything, do the money numbers mean now that exchange controls have gone, banks finance mortgages, and all deposits pay interest? The more monetarist models are in complete disarray on this account.

The main trend-change problem involves a judgment of Thatcherism. Has there been a British productivity revolution? John Muellbauer, who has been studying the problem for some years, still isn't sure. The Treasury seems to think there has been, the National Institute seems to have suspended judgment. What is the long-term trend of energy demand, and what does this mean for the oil price and the UK balance of payments?

There is no room to list all the questions forecasters have to face but they nearly all have one thing in common: you probably have an opinion of your own on them. So read the texts of forecasts, find out the assumptions of the forecasters (if you can), and apply your own judgmental correction. You will probably get it wrong too; but you will have started the process of learning from experience. That is all an honest forecaster can do.

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The Beckettian angle to anticipating a flotation

WAITING for Godot, the play by Samuel Beckett, portrays the tedium of killing time until the arrival of some great deliverer. In similar vein, the past week in the London stock market might be called Waiting for Sid — he being the central character in the crass and irritating advertising campaign for the flotation of British Gas.

The final stage of the £5.6bn British Gas offer for sale got under way this week, with publication of the prospectus, and all the indications were that it was generating a very strong public response. As Britain's biggest offer for sale, it is hardly surprising that it has contributed to a dull air in the equity market this week, with investors holding back cash for the issue.

Amid the public enthusiasm for the issue, there is some irony in the fact that what nervousness there has been in the market this week has stemmed largely from uncertainty about the price of gas's more tangible relative — crude oil.

As the important Opec meeting scheduled for December 11 draws closer, analysts are growing edgier about just what Saudi Arabia's change of oil minister means for the price of crude. Suggestions that Riyadh might try to raise both prices and its output hardly square with the laws of supply and demand.

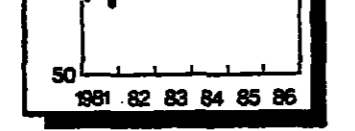
This has had an unsettling effect on oil stocks, which earlier in the week had held firm as the market absorbed the 135p share price set for British Gas, which will be quoted in the same sector.

It also brought sterling under some pressure, though there were other factors to offset that, notably the weakness of the American dollar amid a growing Iranian arms scandal. An ostensible improvement in the UK's October balance of payments failed to impress the market, being due in large measure to an upward revision of the projected invisibles contribution. Cynics saw this as a piece of statistical fudging — which just might be designed to impress Sid and his friends.

The week also brought forth sharply differing economic forecasts which could be seized on by proponents of the two broad theories about the outlook for equities.

According to the optimists, share prices could see an upward run into the New Year on the back of a buoyant economy. They will have taken heart from this week's forecast from the CBI reinforcing the official Government line — that a strong upturn in manufacturing output is on the way.

According to the pessimists, the equity market is unlikely to see much bounce, with economic growth being sluggish in



apart from the fact that the net effect is likely to be nearly double Hanson's pre-tax profits to around £470m from last year's £282.5m, although earnings per share will not rise so quickly.

GEC is expected to show a dull performance in the first half of this year when its results are announced next Tuesday. Pretax profits should emerge at around £298m, against £289m in the same period last year, with Nimrod, the airborne early warning system contract for which GEC is competing with Boeing, being the dominant factor in the depressed result. The City is generally expecting the government to award the contract to GEC in December; an unfavourable decision would be damaging. Avionics aside, electronic systems and components are expected to show a marginal decline in the first half because of the stagnation in defence spending.

The picture is hardly more encouraging in the telecommunications and business systems divisions, where results should be flat, with the better performance of US activities offset by margin pressure in the UK. The outlook in the power generation division is similarly dull. Automation and control, however, should show a steady improvement in most areas, with profits rising from \$49m to \$56m for the full year after three years of flat performance.

A sharp downturn in its oil and gas division is likely to restrict growth in full year pre-tax earnings per share for the first time for many years.

With a possible purchase of ARVILE GROUP will welcome every little bit more in its interim results on Tuesday. Net margins in its revamped grocery operations have moved ahead strongly, but may not match the advances at Tesco and Sainsbury. Its US drinks side has shown less sparkle, with currency translation depressing already dull trading results. Pre-tax profits could nevertheless go as high as £35m, a 17 per cent rise on a year ago.

Bass, the UK beer market leader, is expected to produce pre-tax profits of £30m for the 12 months to September on Thursday, £50m ahead of the 1984-85 total. Asset disposals could account for £15m of profits — against £8.8m last year.

Although this year's summer weather was poor for beer trading it was not as bad as in "black 85." The recovery in Bass's market share seen in the first half is expected to have continued on into the second, aided by advertising spending amounting to about a third of

that for the entire industry. BOC, due to report its full year figures on Tuesday, is expected to announce pre-tax profits around 10 per cent higher at £190m, thanks to improved figures from Africa and the Americas. The company has decided to take the £128m asset writedown on graphite above the line.

The second half will have bounced back thanks to realised profits exercised on 1.5m Woolworth shares. Bad debt provisions are expected to be up on last year's but are unlikely to have deteriorated by as much as they did in the first half, as they did in the £10m write-off on Hong Kong shipping exposure.

Edwards, Carbon should return to profit after a £6.8m loss last year.

After disappointing interim, preliminary figures from the ROYAL BANK OF SCOTLAND, due on Thursday, are expected to top the £200m pre-tax profit mark, up from £186m last year.

The previous year's figures will be restated to take account of currency changes, but this is not expected to have any major effect. The healthcare division is likely to show the strongest improvement, but special products will be down, due to a lower contribution from

HIGHLIGHTS OF THE WEEK

FT Ordinary Index	Price	Change	1986	1985	Notes
AE	286	+19	286	139	Increased trade in Blue Chips
Argyle Trust	82	+10	83	31	Hollis increases cash offer to 280p
BFB Industries	546	+40	550	328	Mystery buyer building up stake
Gates (F. G.)	126	+23	132	66	Excellent interim results
Goode Durrant and Murray	181	+20	181	75	Agreed bid from Impala Pacific
Hall Engineering	236	-16	236	122	Regentcrest and Associates own 9.06%
Jerome (S.)	123	+15	124	46	Newsletter recommendation
Magnet and Southern	244	+21	244	128	Excellent interim results
Norscot Hotels	180	+19	181	83	Agreed bid from Pleasurama
Pearson	589	+24	603	393	Revived bid speculation
Polly Peck	190	+15	213	130	Ahead of Monday's annual results
Rothmans International	176	+10	177	127	Impressive first-half results
STC	168	+11	169	98	Savory Minicircular/contract news
Scottish Agricultural Inds	250	+78	288	173	Minority bid from ICI
Tozer Kemsley	169	-29	238	61	UK expansion potential
Trusthouse Forte	183	-12	208	140	Persistent bid speculation
Vaux	505	+55	540	350	Persistent takeover speculation
Wellcome	221rd	+15	238	136	Quilter Goodson recommendation
Williams Holdings	573	+43	740	395	Sale of 21 operating subsidiaries

If at first you don't succeed...

STAGING A one-for-one rights issue is a daring endeavour at the best of times. Staging two in six months reeks of desperation. Yet that is the plight of Property Trust, the troubled USM-quoted property investor and developer.

On Wednesday Property Trust called on its shareholders for funds for the second time in six months. In May it had asked for £2.26m to fund a restructuring programme. Now it requested £3.4m for a "revised" restructuring.

The story of the Property Trust is nothing if not colourful. The company first surfaced on the USM in 1981 when, as Carlton Real Estates, it went public through an introducer. Within two years Carlton was taken over by a privately owned property company, London and Manchester, which mounted a reverse takeover.

London and Manchester was an ambitious company. Chairman Graeme Jackson was quoted as saying that there were "too many minnows" swimming around in the property pool. London and Manchester clearly intended to turn piranha and gobble them up.

In 1985 the fully listed property company London Securities mounted a takeover bid. It failed to seize control of the company but emerged with a sizeable holding. London Securities appointed its own representatives to the board and scouted about for a purchaser for its holding. Jackson resigned. London and Manchester Securities was rechristened the Property Trust.

London Securities reached agreement with Badru Virani and his son Azim — relatives of the energetic businessman, Nazmu Virani — to acquire a 10.6 per cent holding in the company, together with an option on a further 19.9 per cent. Badru Virani became chairman of the Property Trust and Azim finance director.

This was in October 1985. Within a few months, in early 1986, the Viranis sold their stake back to London Securities. Tony Rhatigan, who had joined the board in the previous spring as a non-executive director and representative of London Securities, became chairman.

By this stage the company was in deep financial difficulty. In the early 1980s it had — 1981 apart — mustered modest but respectable pre-tax profits. By 1984 its borrowings were mounting; the company was forced to disperse some of its development properties in order to reduce its indebtedness.

Many of these properties were sold at below their book value, some at below their

original cost. In the 15 months to March 31 1985 the Property Trust produced a pre-tax loss of £2.3m on turnover of £9.86m. In the following financial year the picture was even bleaker, with a pre-tax loss of £5.03m on turnover of £9.46m.

Borrowings were still unhealthily high. In the spring when Tony Rhatigan took over as chairman the company unveiled its restructuring programme. This was to involve simplifying the share structure, raising £2.26m through a rights issue and reducing debts to

London Securities through the sale of property.

In June Braemar, part of the privately owned property company the SSS Group, acquired a 16.5 per cent holding in the Property Trust from London Securities. Dr Gerald Smith, one of the owners of the SSS Group, joined the Property Trust board and helped to assemble a further financial restructuring package. London Securities has since eliminated its holding.

The plan was then to inject two companies controlled by Dr Smith into the Property Trust and to raise capital share subscriptions.

In September the Stock Exchange responded to the Property Trust's request that its shares be suspended at 6p.

On October 31 the details of the share subscription were due to be published. On October 27 — Big Bang day — Dr Smith resigned. Several directors he had introduced to the Property Trust board resigned shortly afterwards. The Property Trust was left with its restructuring plans in tatters.

Organising the financial restructuring has absorbed much of the board's effort and energy in the current year. In the six months to September 30 the Property Trust had whittled down its pre-tax losses to £420,000, on much reduced turnover of £305,000.

The company has now turned to its shareholders again with Wednesday's rights issue, which will be underwritten by Tony Rhatigan — for a fee of 1 per cent of £34,000 — and has been sub-underwritten.

Tony Rhatigan is now scouting about for new directors, a merchant bank and for private property companies. Would he be amenable to a reverse takeover? "Frankly, we are open to suggestions."

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USM UNLISTED SECURITIES MARKET

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ALICE RAWSTHORN

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COMPANY NEWS SUMMARY

Company bid for	Value of bid share** price**	Market value of bid share**	Price Value of bid share**	Value of bid share**	Bidder
AE	294s	286	236	289.41	Hollis
Berkeley Explan	283s	286	182	278.88	Turner & Newall
Berkeley Explan	62	63	56	12.69	Clyde Pat
Copson (F.)	70s	83	55	15.62	Ranger Oil
Crofts	157	152	100	9.11	Mr R. Thompson
Dialene	288s	285	260	11.01	Kennedy Resources
Exco Intl	265s	271	231	867.30	Brit & Comm
Fothergill Harvey	225s	243	178	22.28	Courtaulds
Gates (F. G.)	120	125	114	10.08	Giltrap Hldgs
Grosvenor Group	125s	133	120	7.78	Hollis
Grosvenor Group	147s	138	125	9.16	Assoc Brit Port
Grosvenor Sq Prp	131	123	110	16.15	Warner Lambert
Henera	70s	68	87	8.04	Gulf Resources
Imp Cont Gas	550s	556	518	753.13	MAI
LCA Hldgs	121s	118	123	26.45	Nord White
LCF Hldgs	180s	184	137	147.15	Priest Mariani
Lincroft Kilgour	259s	255	250	11.83	Ampleoll
McCorquodale	315s	300	282	161.45	Norton Opax
McCorquodale	298s	300	288	13.26	Pleasurama
Norscot Hotels	184s	180	161	10.13	Eglington Oil
Oseola Hydrocarb	21	21	11	5.27	Wingate Prop Inv
Pilkington Bros	543s	517	530	1,156.00	Wingate Prop Inv
Prop Hldg & Inv	175	166	156	21.11	Teotal
Sandhurst Mkt	102	103	86	172.55	Valdeade
Simon Eng	280s	278	145	12.14	Fitch Lowell
Steel Bros	15	14	15	88.85	Brit & Comm
Wedgwood	511	503	423	231.78	Waterford Glass

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 28/11/86. †† At suspension. ‡‡ Shares and cash. ††† Related to NAY to be determined. †††† Loan stock. ††††† Suspended.

Company	Year to	Pre-tax profit (£000)	Earnings* per share (p)	Dividends* per share (p)
Chrysalis	June	5,310	(—)	12.1
Common Bros	June	1,020	(26.27)	2.3
Fenner, J. H.	Aug	4,770	(3.80)	(—)
Ryck Save	Aug	42,200	(81,090)	17.6 (13.7)
WEC	Sept	58,400	(51,600)	35.3 (18.3)
Radio City	Sept	94L	(130L)	(—)
Tomkinson	Sept	1,860	(1,101)	20.2 (12.7)

PRELIMINARY RESULTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends* per share (p)
Alexon	Sept	2,800	1.30
Allied Lyons	Sept	148,000	(122,600)
Alphamec	Sept	1,730	(512)
Bardon Hill	Sept	2,830	(2,300)
Bassett Foods	Sept	1,860	(1,060)
BFB Industries	Sept	69,300	(46,000)
Bulgin, A. J.	July	180	(150)
Burnett & Hallam	Sept	3,080L	(3,700L)
Carless Capel	Sept	4,770	(2,100)
Cheltenham	Sept	2,540	(2,510)
Cheltenham Phimp	Sept	2,410	(2,108)
Coated Elect	Sept	623	(523)
Cont Stationery	Sept	222	(107)
Courtaulds	Sept	82,000	(60,300)
Cropper, James	Sept	952	(830)
Crown House	Sept	663	(1,820)
Dawson Intl	Sept	15,720	(14,850)
Freshpake Foods	Sept	2,210	(1,853)
EMAP	Oct	5,600	(4,200)
Fairbair	Sept	1,540	(1,280)
Hall, M.	Sept	12,600	(11,400)
Hambros	Sept	25,100	(18,800)
Hobson	June	120L	(126L)
Intl Leisure	Sept	23,200	(29,300)
J. S. Pathology	Sept	1,510	(1,150)
Leigh Indagress	Sept	855	(730)
Lier & Co	Sept	1,250	(607)
Lloyd, F. H.	Sept	827	(802)
Magnet & Salm	Sept	20,700	(12,110)
Marshall's Halifax	Sept	5,230	(4,150)
Mercury Intl	Sept	38,120	(44,900)
Millward Brown	Sept	708	(560)
NMC Investments	Sept	789	(223)
North Brit Steel	Sept	104	(83L)
Parkland Textiles	Sept	923	(303)
Powell Duffryn	Sept	10,040	(7,870)
Rexmore	Sept	368	(314)
Rothmans Intl	Sept	73,800	(58,800)
Sarasota Tech	Sept	855	(732)
Sekers Intl	Sept	722	(621)
Sheraton Secs	Sept	1,730	(861)
Stms Catering	Sept	254	(323)
Sonic	Sept		

20/11/86

MARKETS

Life after Ivangate

WALL STREET probably surprised itself this week at the almost innocuous speed with which it rekindled its frayed nerves in the wake of the traumatic "Ivangate" insider trading affair.

By the time investors had scribbled off on Wednesday to join the Thanksgiving Eve traffic jams out of Manhattan, the market had put six consecutive gains between it and the sauntering spectre of Ivan Boesky and the pile of tape-recorded beans he is thought to have spilled into the lap of the Securities and Exchange Commission.

So keen was Wall Street to display its new-found sang froid that not even the deepening crisis over arms for Iran and cash for the Contras, now the sharp 6 per cent dip in October durable goods order, could cause it to miss a step on its upward march back into the foothills of the 1980s.

By the end of the shortened week, the Dow Jones Industrial Average nestled comfortably at 1916.76, a mere three points below its all-time high.

Even takeover stocks, which had been trampled underfoot in the rout that followed the Boesky revelations, had started to pick themselves up by the end of the week, amid signs that acquisition fever was once more a socially-acceptable complaint.

The short week saw a flurry of takeover activity centring on household names. American Brands, which markets such crucial ingredients of the American dream as Lucky Strike cigarettes and Jim Beam bourbon, offered \$66 a share for Chesebrough-Ponds, valuing the maker of Vaseline and Q-Tips (among many other products) at \$2.8bn.

The bid got a frosty reception from Chesebrough, despite being at a substantial premium to the company's current market valuation. Chesebrough's stock ended at \$61.1, up \$12.1 from its pre-offer price.

The Limited, a fast-growing fashion store chain, wasted no time after the expiry of its

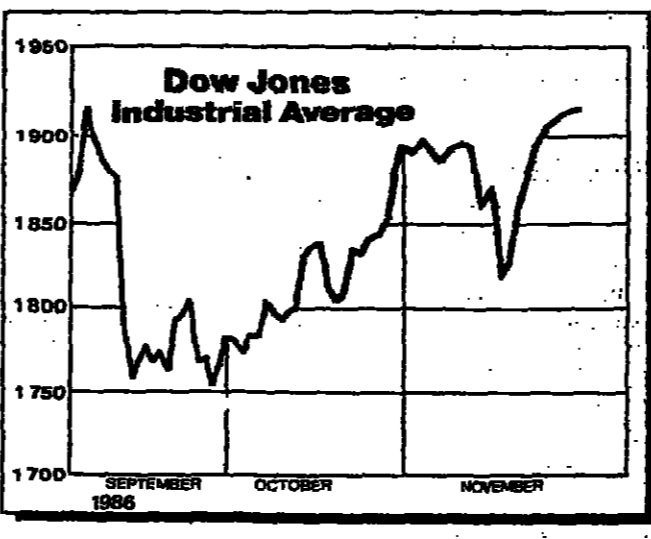
Irwin Jacobs, the Minneapolis-based arbitrageur, quietly wrote to Borg Warner, the diversified manufacturing and services group, with a bid worth up to \$4.3bn. The move, designed to give Mr Jacobs an edge over the pack of raiders sniffing around Borg Warner, impressed neither the company nor fellow suitor GAF, the chemical group, which owns a sizeable stake in it.

As if this \$9bn Thanksgiving package were not enough, in stepped New York investor Asher Edelman, who started the takeover bid rolling again at the end of last week by reintroducing his \$37 a share, or \$1.88bn hostile bid for Lucky Stores, a restaurant chain, for \$292.5m.

All this activity encouraged speculators to take out their barbed wire and risk a prod at other potential takeover candidates, including some that had taken a major post-Boesky beating.

USX, the troubled steel and energy group being stalked by famed raider Carl Icahn, rose after weeks in the doldrums on rumours that other bidders, including British Petroleum, might enter.

E. F. Hutton, the troubled brokerage firm which recently rejected a bid from the towering American Express, firmed up reports that the financial giant was having better luck with a fresh suit.

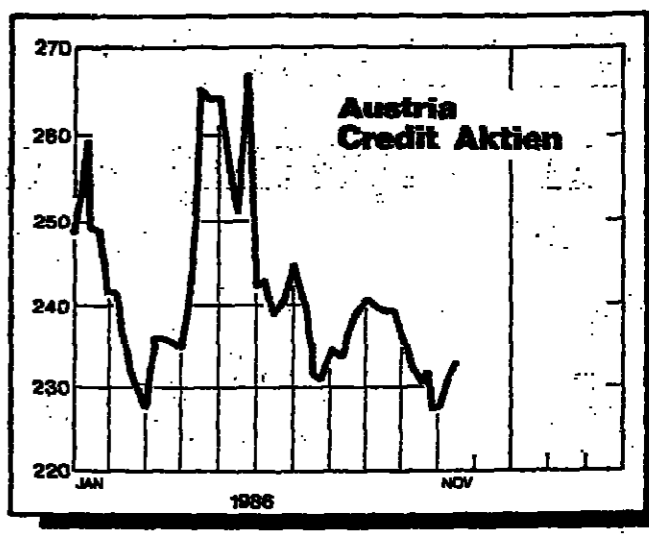


Election risk low for bulls

THE VIENNA bourse has remained unperturbed by the political storms that have recently swept Austria. Shares which were edging upwards before last Sunday's general election have continued to do so despite the Socialist's narrow victory over their Conservative rivals.

Analysts do not expect adverse developments on the bourse—some even predict a mini-boom before the end of the year—despite the political uncertainty created by the election. With the two big parties losing a considerable number of votes to smaller parties on their fringes and neither party winning an overall majority it may take several weeks before a new government is formed.

Mr Perelman, chairman of Revlon, was probably glad to pocket his \$34m profit and run. Just two weeks ago he made \$10m in a similar buyback at CPC. Gillette was squaring up for a tough defence and there was also speculation that Mr Perelman's long-time investment banker, Dresel Burnham Lambert, might be having problems raising the \$4bn to finance the \$65 a share bid.



Wall Street

Earlier two-year standstill agreement with Carter Hawley Hale, the Los Angeles-based department store group. It teamed with shopping mall developer Edward DeBartolo in a \$55 a share, or \$2.1bn, bid for Carter Hawley, which owns the prestigious Nieman-Marcus and Bergdorf Goodman stores.

Carter Hawley's shares jumped sharply to end the week at \$51, despite news that General Cinema, which owns a 39.8 per cent stake in Carter-Hawley, would not back the bid.

Finally, Gillette and CPC International, two companies that successfully, although expensively, fought off the unwelcome attentions of Ronald Perelman, the fast-rising star among corporate raiders, both saw their stocks rise.

This may have surprised Gillette, which set the arbitrageur and institutional shareholders alike howling with rage at the \$55m it paid to buy back Mr Perelman's 13.9 per cent stake. What hurt almost as much as the deed, was the very transparent sleight with which Gillette vainly sought to cover its naked greenmail.

Only Mr Perelman's stake was involved in the buyback, although the company did

attempt a camouflage by saying that it might repurchase 7m of its shares "from time to time."

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Monday 1906.07 -12.51
Tuesday 1912.12 -6.05
Wednesday 1916.76 +4.64
Thursday Closed

Charles Hodgson

issued shares, compared with only two companies in each of the preceding two years.

This year's most successful newcomers include Constantia Industrieholding—the holding company for one of Austria's largest... private... industrial groups; three regional banks—the Bank Karnten und Steiermark, the Bank fur Oberoesterreich und Salzburg and the Bank fur Tirol und Vorarlberg—all affiliates of the Creditanstalt; and Strabag, a construction company.

Other good performers include Lenzing, a leading producer of viscose and modal

partly reflect the scale of the increase in shares trading this year. The total value of shares traded on and off the bourse—a large amount of trading is done by the banks outside the bourse—rose from Sch 9.78bn in the first 10 months of 1985 to just over Sch 17bn in the same period this year. On the bourse itself the amount rose from Sch 4.8bn to Sch 6.5bn.

About a quarter of the shares listed on the bourse are held by small private investors and about a third of these are in foreign hands.

The more recent burst of interest is due to several factors. Traditionally there tends to be a bunching-up of activity towards the end of the year to take better advantage of tax rebates. Also, by this time of year the performance of individual companies can be more clearly assessed. Despite a slight slowing down in the economy many companies are reporting higher earnings.

Most analysts believe that the positive momentum on the bourse will be maintained next year. "This year we have had a consolidation but I believe that the conditions are right and that business will continue to grow on the bourse," says Dr Karl Pale, general director of the Girozentrale Bank.

Certainly several companies are planning to issue shares and all the main banks will be offering participation certificates which are roughly equivalent to risk bearing non-voting shares. Privatisation moves have raised expectations about shares being offered in some of the more successful state-owned companies. OMV, the state oil and gas group, has already said that it will be coming on the bourse next year and others are expected to follow. Further tax reforms to encourage investment are also expected.

Vienna

fibres, whose price per share has more than doubled from Sch 420 on their introduction in September 1985 to Sch 950 on Thursday. Shares in Jungbunzlauer, a bio-technology group, have also done well and were standing at Sch 11,710 after three rights issues this year, while new preferred shares introduced earlier this month by Allgemeine Baugesellschaft—A. Porr, a construction company, have risen from Sch 308 to Sch 332. Shares in the banks, which are always in demand, also performed well.

There was also a record amount of new capital raised by companies already listed on the bourse. This has totalled Sch 3.7bn so far this year compared with just over Sch 1bn in 1985.

The market capitalisation of companies on the bourse has increased from Sch 28.3bn (\$1.98bn) at the end of 1984 to Sch 74.3bn at the end of 1985 and is expected to rise by at least another 16 per cent this year to around Sch 80bn.

But even these figures only

Patrick Blum

Cocoa waits for the ICCA

THE BULL appears to have become something of an endangered species in the cocoa market. With world stocks high and still rising, and the consumption trend seen at best as stagnant, it is difficult to find anyone who sees the faintest possibility of an upturn in prices in the near to medium term.

But the recent slide in prices has been slight. Day to day movements on the London futures market have been exceedingly modest, but with falls outnumbering gains by eight to three the total movement over the last 11 trading days has amounted to a fall of about \$80 a tonne.

The factor militating against a substantial fall is the proximity of the International Cocoa Agreement (ICCA) buffer stock "may buy" level. But this is only a psychological factor for the present, as the buffer stock manager will not be able to begin price support operations until the ICCA comes into force, which will not happen for another month at least. Although

producing and consuming countries signed the pact when it was negotiated in July, it cannot begin to operate until enough members have made the necessary domestic legislation, which in some countries can take a considerable time.

When the ICCA was negotiated the "may buy" level was set at 68 US cents a pound and the "must buy" level at 85 cents. But these prices were translated into special drawing rights (SDRs) to minimise the distortions caused by fluctuations in the dollar. Since then the dollar has weakened to such an extent that the SDR value of the "may buy" price now translates into about 89.3 US cents, only just over a cent below the current ICCA indicator price.

The International Cocoa Organisation (ICCO), the governing body for the ICCA, will

hold a meeting in London next week to decide the buffer stock's operating rules. The most important question to be decided will be whether the buffer stock manager will have to operate in strict accordance with published trigger levels.

Once the buffer stock does come into operation in the new year Mr Horton thinks it will be effective in supporting the market—in the medium term at least. In the longer term he is not so sure.

The buffer stock manager has \$240m at his disposal, enough to provide "substantial downside resistance," Mr Horton says. But that represents only a little over 120,000 tonnes of cocoa at the current "may buy" price, while world stocks are expected to approach 700,000 tonnes by the end of next year.

Gill and Dufus, the London trader, projected the 1986-87

world cocoa crop at 1,922,000 tonnes in its October market report, only 28,000 tonnes less than the record for 1984-85. But the figure assumes weather-reduced crops in West Africa, and Mr Horton notes that "the noises coming out of West Africa have been a little more optimistic of late."

The buffer stock manager will not accelerate fast enough to stretch his resources before the new pact has got into its stride. And he will be looking for increased consumption to help bring world stocks down to more manageable proportions.

Many observers believe he will be disappointed on both counts. Current low bean prices do not seem to be having the buying effect on consumption that might have been expected. And cocoa demand is becoming less sensitive to prices as the healthy eating trend pushes chocolate and other cocoa products off more and more shopping lists.

Richard Mooney

Commodities

MARKETS

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FINANCIAL TIMES BUSINESS INFORMATION

Pensions

• M A N A G E M E N T •

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Sixteen things you don't really need to know about British Gas

The word "gas" was coined in 1610 by Johannes van Helmont, who derived it from the Greek word *chaos*, meaning a void or chaos.

The man generally regarded as the father of the gas industry is one John Clayton, who in 1684 made inflammable gas by carbonising coal and collecting it in a bladder. (We are not told whose.)

Gas was originally used in Britain as a source of light rather than heat. The first public supply was provided by the Gas Light and Coke Company in 1812, to light the streets of London.

British Gas still employs a lamplighter. He lights the lamps every night in Middle Temple Lane and some adjacent streets off London's Strand.

Private ownership is nothing new to British Gas. Until nationalisation in 1949 there were 1,046 independent gas companies.

Easily British Gas's most valuable fixed asset is not its buildings or its gas fields, but its pipeline system, valued at £14bn.

During the summer when gas demand is low, British Gas pumps around a fifth of the gas it extracts from the North Sea straight back into storage caverns under the waves.

If all British Gas's 89,747 employees were laid out end to end, they would stretch from Charing Cross to Lowestoft. (This has not been verified.)

As a rule of thumb, City analysts reckon that every 1° C

change in the average winter temperature is worth about £80m to British Gas in pre-tax profits.

Sir Denis Rooke, British Gas's 62-year-old chairman, earned his laurels in 1959 by ferrying the first cargoes of highly explosive liquefied natural gas from Algeria to Britain on the good ship Methane Pioneer.

If you see Sid, don't bother to tell him; he ought to know by now. He's the brother of Energy Secretary Peter Walker (and it's Sydney with a "y").

If all the 15m prospectuses printed for the British Gas flotation were stacked on top of each other, they would reach a height of 33,000 feet—some 4,000 feet higher than Mount Everest.

More than 3,500 Sids applied for prospectuses in the run-up to the flotation. So did 23 Fidos and one Donald Duck.

Nobody seems to have thought very much about just where British Gas and its 6m or so shareholders are going to hold their AGM.

If Big Bang should go awry, the City can always turn to British Gas for help. In 1952, the City of London Soup Kitchen in Holborn used gas cookers to provide 1,000 gallons of soup a day for the destitute.

The most mind-boggling inconsequentiality yet to emerge from the British Gas flotation is the fact that if Sir Denis Rooke had a few less letters in his name, it would be an anagram of "No risk, Sid."



Bryan Baughan, managing director of Hoare Govett, hands out prospectuses at British Gas shop in High Holborn

FORECAST RETURNS ON BRITISH GAS SHARES (%)
(voucher option)

	Up to 400 shares	1,000 shares	2,500 shares	10,000 shares
1st year	21.6	18.8	12.2	8.9
2nd year	7.4	9.0	9.9	8.0
3rd year	6.8	6.8	9.5	7.5

(Assumes 5.6p gross dividend in first year and 9.2p in subsequent years on unchanged share price)



THE PRICE has been set, the prospectuses have gone out, and the application forms are already flooding in: yet there are still many people who have yet to decide whether to apply for shares in the £5.6bn flotation of British Gas. To help them make up their minds, here are some of the main factors which should be taken into account.

There are two reasons why people buy shares. One is the hope of making a capital gain by selling the shares at a higher price than they bought them, and the other is for the income they produce in the form of dividends.

These days attention tends to focus more on capital gains than on income because the

buoyant state of the stock market has held out the prospect of making comparatively large profits in a short space of time. Dividends alone are not a strong lure without an accompanying rise in the share price, because with interest rates at present levels, the returns they offer can almost always be bettered by other forms of investment such as gilts or building society accounts.

New issues create particular interest among those seeking capital gains because they are priced at a level which is aimed at getting the shares off to a flying start. Sometimes they go wrong, but privatisations have generally been a safer bet than most because of the Govern-

ment's determination to popularise share ownership. Thus British Telecom and TSB (the latter a quasi-privatisation) yielded spectacular capital gains when dealings began. British Gas, however, is not a British Telecom or a TSB. For one thing, the Government is sensitive to criticisms that it has been selling the nation's assets off on the cheap and it has priced this issue fairly fully. For another, the institutional investors—the people who buy in the after-market—say there are other stocks in the energy sector they can go for if the British Gas price goes too high, such as BP and Shell.

But perhaps the most important factor in the case of British Gas is that although it

is highly profitable and may become increasingly so, it is by now just about as big as it is ever going to be and is not regarded as a growth stock.

Unusually, then, attention in this issue is concentrated not so much on the outlook for capital gains as on income, and it is here that its attractions lie. The notional dividend yield of 6.8 per cent shown in the prospectus is competitive in any case, but actually understates the real returns: for it takes no account of the fact that the shares are only partly paid on application, nor does it include the value of the incentives.

The choice of perks offered by British Gas is between a bonus issue of one share for every 10 still held at the end of three years, up to a maximum of 300 free shares, or a £10 gas bill voucher for every 100 shares up to a maximum voucher value of £250.

The bonus shares could be an excellent perk if British Gas's share price were to put in a strong performance over the next three years, but no one can be certain that it will. Also, three years is a long time to spend locked into an investment, especially when it may be taken into social ownership by a Labour government.

For the hesitant investor, the vouchers are the safer bet. Their value is assured and they are paid out up front in batches of £40 worth every six months, leaving people free to cash in their chips if the going gets rough without foregoing their perks.

The table shows the returns available over the next three years to someone who chooses the voucher option, assuming for simplicity's sake a constant dividend yield and no increase in the share price. It illustrates how the smaller investor in particular can reap some quite spectacular short-term returns. Someone buying up to 400

shares will get an effective yield of nearly 22 per cent in the first year, and someone buying 1,000 shares will get nearly 19 per cent in the same period. These returns then begin to dwindle as the further stream dries up and as further instalments are paid on the shares, but still remain at respectable levels even without a dividend increase.

On holdings of 2,500 shares (the maximum qualifying for vouchers), the returns become more elongated because the vouchers take longer to come through. On very large shareholdings, the benefit of the vouchers is proportionally quite small, but the shares still yield highly competitive returns.

The possibility of reaping short-term capital gains on the British Gas issue should not be ignored altogether. Although the widely predicted 10p-15p premium on the 50p partly-paid price may seem paltry next to the gains made on the likes of Telecom and TSB, it is still better than most new issues deliver. Yet the margin is uncomfortably narrow and could be vulnerable to adverse market conditions.

On the other hand, the high income yields offered by the voucher option—and its tax-free status—do make this an attractive issue for those who can afford to tie up their money in the short-to-medium term, especially if they can spread their applications among the family to maximise the quick returns on small shareholdings.

Those who want to invest for the long term in the belief that British Gas's share price will perform well will probably still prefer the bonus shares, while those who believe that the share price will fall should stay away from the issue altogether: sleep comes easier to those whose money is safely tucked away in an interest-bearing deposit account.

THOUSANDS of applicants for shares in British Gas will be excluded from the allocation, not because of any rationing that may be necessary but because simple errors in their application forms will mean they have to be rejected.

To prevent this happening to you, British Gas suggests you go through the following check list to ensure that your application is in order:

- Have you made your cheque out to the right party? "British Gas" is incorrect: it must be "British Gas Share Offer."
- Have you made your cheque out for the right amount? Remember that only 50p a share is payable now.
- Have you signed your cheque? It is remarkable how many people forget.
- Have you said "yes" to either the bonus shares or the gas bill vouchers on the application form? If you forget, you will receive neither. (If you try ticking both, you will just get the bonus shares.)
- Have you applied for an acceptable multiple of shares? Check what denominations are acceptable in the notes to the application form.
- Have you signed the application form?
- Make sure you use the right form. Preferential applications from customers must be on green forms. Other applicants should use an orange personalised form if they have been sent one, or a form cut out of a newspaper or prospectus if they have not.
- Only one application per person is allowed, and there can be only one green form application per household. Multiple applicants run the risk of prosecution.

Pioneer gas shareholders

REG LING, who lives in Somerset, is planning to lodge a most unconventional application for British Gas shares. Instead of sending a cheque, he will present his holding of a low coupon gilt edged stock—3 per cent Exchequer Gas 1995—and demand to have it converted at face value into British Gas shares.

Ling's step-grandfather owned shares in one of the local gas companies from which British Gas was born after World War Two. When the gas companies were nationalised in 1948, Ling's relation, along with all the other shareholders, received British Gas loan stock, which carried an interest rate of 3 per cent maturing in 1990.

That loan stock has not turned out to be a good investment. However, investors who had faithfully watched its value dwindle for nearly 40 years, might have hoped that when British Gas was returned to the private sector—especially on a

ticket promising handsome benefits for its customers—the original shareholders would be given a look-in too.

The Gas Bill which cleared the way for the privatisation destroyed any such hopes. The £214m outstanding of the British Gas stock was converted into a 3 per cent gilt which matures in 1995.

Holders of the stock who want to sell their gilts and buy shares with the proceeds can do so. But they will be starting from a worse position than they were in 1948. The stock, issued in return for £100 of shares could now—38 years later—be traded in for just £78 worth of British Gas shares.

To make matters worse, anyone performing this feat of loyalty might remind themselves that the four decades during which they had no direct stake in the company were its most sparkling years of growth.

Choice of three



MIM Britannia has joined the growing list of companies offering Personal Equity Plans (PEP). Under its scheme you are offered three different versions.

The first is the Unit Trust PEP scheme, which has a

monthly investment limit of between £25 minimum and £35 maximum. Or alternatively you can make a lump sum investment of £420. Investors are offered the choice of five of the group's unit trusts—UK Income and Growth, American Growth, European Performance, Japan Performance and the Managed Investment Fund (fund of funds).

Number two version—Lump Sum investment—is designed for amounts between £1,000 and £2,400 gives you the choice of two portfolios, both of which are managed by the group on a fully discretionary basis. The Blue-Chip Portfolio will be 25 per cent invested in the funds used for the PEP unit trust scheme, and the remaining 75 per cent in the shares of leading UK companies. Alternatively, the Special Situations Portfolio will put 25 per cent in

specialist unit trusts, while the other 75 per cent will go into UK special situation shares.

The group's third PEP option the Savings Plan will have a minimum monthly investment of £50 up to the permitted maximum of £200, and offer either the Blue Chip or Special Situations Portfolio when a minimum of £100 has been accumulated.

There will be a hefty initial charge of five per cent charged on amounts invested directly in shares, plus an annual charge of 1.25 per cent. Sums allocated to unit trusts will pay the normal charges involved in the funds chosen. So far, according to the Treasury, over 100 companies have applied to the Inland Revenue to be appointed as PEP plan managers. The applicants include over 30 stockbrokers, who are likely to act as intermediaries.

John Edwards

Accounting for taste

WE WILL be taking in money from Old Etonians and lending it to property developers from the Indian subcontinent.

The speaker was Michael Allsopp, chairman of Granville Trust, the up-market banking services company which opens its doors on Monday. The occasion was a launch party featuring champagne and smoked salmon.

To open an account with Granville, whose office is in Pall Mall in Central London, you will not literally have to be an Old Etonian, but you will need to be worth £50,000 plus and earning more than £25,000. Its service of cheque books, cheque guarantee cards and financial advice will also be "expensive." Mr Allsopp

However, he did not think that would deter customers. Drawing an analogy from his own inability to be satisfied with off-the-peg clothes, he said: "There are plenty of people who like their banking tailored to their needs."

Nor did he think people would worry about depositing their money with an institution that channelled it to property developers. He pointed out that his managing director, Tel Colman, had great experience in making such loans. The two of them ran the banking services arm of Allied Dunbar, the financial services group, until recently.

Hugo Dixon

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High interest access	8.00	8.00	6.20	4.51	yearly	1
High interest access	8.25	8.25	6.39	4.65	yearly	1
High interest access	8.50	8.50	6.58	4.79	yearly	1
90-day	8.75	8.94	6.93	5.04	half yearly	1
90-day	9.00	9.20	7.13	5.18	half yearly	1
NATIONAL SAVINGS						
Investment account	11.75	8.34	6.46	4.70	yearly	2
Income bonds	11.25	8.41	6.52	4.74	monthly	2
32nd issue	8.75	8.75	8.75	8.75	not applicable	3
Yearly plan	8.84	8.84	8.84	8.84	not applicable	3
General extension	8.70	8.70	8.70	8.70	yearly	3
MONEY MARKET ACCOUNTS						
Money Market Trust	7.82	7.97	6.17	4.49	half yearly	1
Schroder Wagg	7.29	7.54	5.84	4.25	monthly	1
Provincial Trust	8.04	8.34	6.46	4.70	monthly	1
BRITISH GOVERNMENT STOCKS‡						
7.75pc Treasury 1985-88	10.47	8.18	6.92	5.74	half yearly	4
10pc Treasury 1990	11.21	8.24	6.60	5.07	half yearly	4
10.25pc Exchequer 1995	11.30	8.21	6.51	4.92	half yearly	4
3pc Transport 1978-88	8.14	7.23	6.72	6.25	half yearly	4
2.5pc Exchequer 1990	8.27	7.45	6.99	6.57	half yearly	4
Index-linked 1990†	7.74	7.14	6.61	6.50	half yearly	2/4

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Pension proposal

THE CONCEPT of pension mortgages for employees is given a new dimension following the publication late on Thursday by the Inland Revenue of its proposed tax treatment of personal pensions and company money purchase schemes.

Essentially personal pensions will be treated in a similar manner to retirement annuities for the self-employed. This means that employees, with or without the help of their employers, will be able to contribute up to 17.5 per cent of earnings into a personal pension, over and above the minimum contribution. They will take around one-quarter of the accumulated benefits from these extra contributions as a tax free lump sum.

The proposals will be discussed in detail in these columns next week.

Eric Short

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Complexities to numb the brain

THE TAX assessing season is once again in full swing. For while much personal tax these days is collected throughout the year by deduction at source from dividends and interest, or by means of PAYE from salaries and pensions, many taxpayers still receive assessments of one kind or another requiring direct payment.

Income tax on rents, business profits, untaxed interest and foreign income as well as higher rate tax and capital gains tax is usually collected in this way.

The raising of such assessments is the business of the Inspector of Taxes. The raw material for them is your tax return, in the absence of which he will use his best judgment. Generally speaking, assessments must be made within six years of the ending of the year of assessment concerned. But, if you should have been guilty of fraud, willful default or neglect in your tax affairs, this time limit may be suspended.

Because the UK tax system is so complex, many people will find assessment time a brain-numbing experience. Some classes of income are assessed on the basis of the amounts arising in the year concerned; others—business profits, untaxed interest and foreign income among them—of the year before.

Furthermore, when you receive, as you will, about now, the assessment for 1986-87 on, say, your foreign investment income, the rate of tax to be applied may be unclear because it cannot be known whether your salary will use up the whole of the 29 per cent charging band and, if so, by how much. In such circumstances, estimated figures are unavoidable.

In many more cases than the Inland Revenue would wish, initial assessments are either incorrect or in estimated figures. In either circumstance you must appeal within 30 days of the assessment's issue failing this it will become final and conclusive, and the tax payable. Following appeal, the burden of responsibility to show that the assessment is wrong is yours.

Previously, an appeal automatically resulted in the tax assessed being held in abeyance. In these credit-conscious times this is no longer the case. It

remains payable except and to the extent that the Inspector of Taxes agrees to postpone pending settlement of the appeal.

Even then, if there is a failure of liaison between the Inspector of Taxes and his Collector, you may have the unpleasant experience of receiving a final demand for the whole amount and, perhaps, even a warning of Court action or distraint. However, this apparently threatening situation can be defused simply by advising the Collector of Taxes of the appeal.

Failure to make timely payment of tax which has been properly assessed, will result in a charge of interest at the prescribed rate (currently 9 1/2 per cent), usually from the due date until payment. However, this is not a one-way process, since interest is added when overpaid tax is refunded.

As you will see from the table, the date on which tax is payable varies according to what is being assessed.

Unlike the self-assessment system of the US, it is the Inland Revenue's responsibility to demand the tax due. If, having received your tax returns, they fail to take timely action, the resulting arrears of tax could cause you considerable hardship. Consequently since 1971, an extra statutory concession has applied under which tax can be remitted if demands are one full year or more late.

However, such treatment will only be forthcoming if the taxpayer can reasonably believe that his affairs were in order. The write-off varies from 100 per cent, where the taxpayer's income is under £8,500 for the year, to nil in cases where it exceeds £23,000 (both figures increased by £2,500 for the over-65s).

Your assessment may sometimes be neither late nor excessive. You might be charged too little tax. Provided that you have submitted a correct return, you have no legal obligation to draw attention to the matter. But the situation is very much otherwise if, because a mistake of fact (for example, an arithmetical error) has been made—as opposed to a mistake of law—the Inland Revenue make an excessive refund of tax. Retaining this might well be an offence under the Theft Act 1968.

Donald Elkin

Source	Date Tax Payable
Rents	January 1 in the year of assessment*
Untaxed interest	
Foreign income	
Business profits	Half January 1 in the year of assessment* Half July 1 in following year assessment*
Higher rates	December 1 in following year of assessment*
Capital Gains Tax	

* or 30 days after assessment if later.

Alice Rawsthorne reports on where the money is going

£17,000 raised for charity

MOST PRIVATE investors secretly suspect that they are every bit as good as the professionals. In September the FT offered its readers the opportunity to put that suspicion to the test by entering the FT Readers Race—1600 readers responded, raising almost £17,000 for charity.

In the Readers Race entrants were asked to assemble a mythical portfolio worth £35,000, composed of up to five companies from the FT-SE 100 index. The aim was to produce the most "profitable" portfolio possible by choosing the shares which will perform best over the next year. The winner will receive £2,500 in unit trusts donated by Prudential Unit Trust Managers, the sponsors of the Great Investment Race.

Entries flowed in from all over Britain, the rest of Europe, North America, the Far East, from the ubiquitous Cayman Islands and even the Falklands.

The money raised by the Readers Race will be donated to charity by Charity Projects, the organiser of the Great Investment Race. Charity Projects' policy is to give money to the less emotive causes which otherwise find it difficult to attract funds, principally to groups working with the disabled, the homeless and young people with drink and drugs problems.

Some of the money raised by the Readers Race will pay

for grants which Charity Projects has awarded in the last few weeks. Most of these grants are small—generally a few thousand pounds—but will provide much-needed resources for the short of "grassroots" charity groups which find it most difficult to raise money.

In its donations to groups working with the disabled, Charity Projects is eager to help organisations which are committed to helping the disabled to integrate with able-bodied people.

Money raised by the Readers Race has already contributed £800 for the provision of computer keyboards to be used in a computer literacy project for young handicapped people at a West Yorkshire community centre. Similarly, it has provided £3,800 to pay for a carpentry teacher to teach carpentry to disabled teenagers at a North London centre.

Some of the remaining money raised by the Readers Race will be donated to projects for the disabled. The profits of the Great Investment Race—in which six teams of fund managers are competing to see which can raise most money for charity by managing a £35,000 portfolio for a year—will be given to two specific charities. The Home Farm Trust, which provides long-term care for the mentally handicapped, will receive 30 per cent of the proceeds, 20 per cent will be given to SHAPE, a net-

work of arts organisations which enable the disadvantaged to participate in the arts. The help meted out to projects for the homeless tends to be practical in providing equipment for shelters or support services for charities working in the area.

Charity Projects has already used the proceeds of the Readers Race to give £1,000 to buy a cooker, washer and drier for a Newcastle group working with homeless young people. It

organised by Alcohol Concern, which will launch a campaign to educate young people about the dangers of drink-related problems.

Charity Projects receives hundreds of requests for grants from charity groups every week. It also looks out for worthwhile causes to support. When applications arrive the grants director, Judy Graham, contacts the organisations involved in order to check that they are suitable to receive a donation.

"Lots of groups ask for money for one thing when they really need it for another," she says. "We also have to check that they are capable of carrying out the project. We must be certain that the money is going to a good cause."

When Judy Graham is satisfied that the request is worthwhile the application is sent to Charity Projects' grants committee for approval and thence to its council which has the right of veto.

Charity Projects will donate the rest of the money raised by the Readers Race in the next few weeks. When it receives the profits from the Great Investment Race—at the end of next September when the Race ends—it plans to support more ambitious schemes within the same areas of the homeless, the disabled and drugs and drink abuse.

Alice Rawsthorne



has also donated £1,000 towards the publication of a guide for young, homeless people in Coventry.

In the area of drugs and drink problems, Charity Projects engages in more abstract work. It often makes donations to help charities to find new ways of approaching alcoholism and drug abuse, specifically in the area of preventive work with young people.

Accordingly, it has given £1,500 to provide video equipment for a Shropshire youth centre and has contributed £1,500 to run a conference,

Policy for survivors

IN SPITE OF all the promotion of endowment and pension mortgages, a large proportion (nearly a third) of borrowers still prefer the straight repayment method, according to Abbey Life.

Abbey Life believes this leaves a market gap and has launched what it claims to be the first unit-linked repayment mortgage protection plan. Called Mortgage Protection Plus, the policy gives cover against death and permanent disability, as well as providing the possibility of a payout on maturity.

If you live until the end of the period covered by the policy, which can range from 15 to 30 years, you are likely to receive all your contributions back assuming a 2.5 per cent net growth in the policy fund is maintained. If a higher rate of return is achieved then you would receive a greater amount.

The plan pays off any outstanding capital sum on a repayment mortgage at any stage during the life of the mortgage with the sum gradually reducing in line with the decline in the amount of capital outstanding.

You can have a single or joint life policy but the permanent disablement benefit will be available only to the first name in a joint life plan. Minimum contributions will be £8 a month for the level plan, and £6.50 for the low start version.

John Edwards

Commission confusion

MAN AGED 24 INVESTING £100 A MONTH IN A WITH-PROFIT CONTRACT

Year	10-year endowment		25-year endowment		Whole life contract	
	Old	New	Old	New	Old	New
1	820	850	290	620	40	370
2	2,080	2,050	1,430	1,590	800	1,220
3	3,420	3,390	2,690	2,690	1,890	2,140
4	4,850	4,820	3,980	3,980	2,940	3,100
5	6,340	6,310	5,450	5,450	3,990	4,150

leading life company has now prepared some illustrations to show the effect of the new commissions structure on early surrenders for with profit contracts. These are shown in the table.

Now we can see the overall commission payments are slightly higher for 10-year terms, about even for 25 years and lower for whole life contracts. Life companies may adjust their premium rates to allow for the new commissions. But the major effect for investors will be increases in the early surrender values for the longer term contracts.

No longer will the investor who cashes in early be paying for the visits of the intermediary who sold him the contract be the first place. Surrender values are going to become a vital marketing feature under the new financial services regulation since the figures will be shown on the statutory cooling-off notice.

This leads on to another feature of the new commissions

scale. Although the scale will apply only to independent salesmen, the intention is that it should form the benchmark for remuneration to company representatives. However, this is not compulsory and there could be pressure to keep the current initial up-front commission payments in order to attract company representatives.

If his happens, then life company activities will need two surrender value scales: the new one for business sold through independent salesmen and the old one for business sold by company representatives.

This would be a complete departure from current practice of one surrender value scale and some marketing directors doubt whether the investing public would accept a differential without protest. But it would take an individual investor some time to understand the position if he bought his contract from a company representative and had no other figures for comparison.

Eric Short

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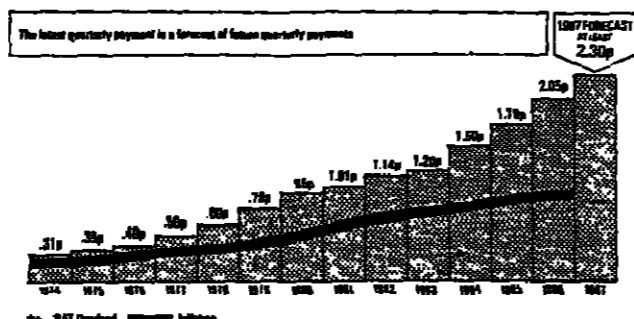
In the year to 30 September 1986 income to ordinary shareholders rose by 21.7%. The Net Asset Value rose by 21.4% in the same period, a fine performance for a Trust whose declared aim is income rather than capital growth.

To quote Roger Inglis, Chairman of British Assets Trust "Your Board has therefore proposed an increased final quarterly dividend of 0.575p per share, which will bring the total of the four quarterly dividends for the year to 30 September 1986 to 2.05p per share. This represents an increase of 15.5% on the total dividend of 1.775p per share paid in the previous year, a rate of increase considerably in advance of the rate of inflation experienced in

the United Kingdom for the year under review.

Once again this year I am delighted to be able to report an increase in the total number of shareholders and on behalf of the Board of Directors extend a welcome to our new shareholders. We anticipate that the introduction of the Savings Scheme will further encourage this trend".

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THE ELITE FUND
 from **REGENCY**

Transfers of life policies too often take place without holders being consulted, says Eric Short.

Policy holders seek action on transfer

The 180,000 UK policyholders with Imperial Life Assurance of Canada recently received a letter from the company stating that their policies were being transferred to Trident Life Assurance, a company acquired by Imperial in May of last year.

The reasons given by the company for this move were economies of scale though there are several business advantages in changing operations from being a branch operation of a Canadian life company to being a fully fledged UK life company operation; Trident being a registered UK insurance company.

But according to Richard Knox-Johnston, a former employee of Imperial and a major policyholder, the letter sent to policyholders does not make these reasons at all clear. The accompanying reports on the terms of the transfer, together with reports from both Imperial's appointed actuary and an independent actuary add to the confusion.

"It needs an actuary to even begin to understand what Imperial Life is proposing and to grasp what is happening" claims Richard Knox-Johnston. As a policyholder he is far from satisfied with what he has been told and is concerned that policyholders have been presented with a fait accompli, without any prior consultation.

So he has formed the Imperial Life Policyholders Committee

to get answers to a number of questions. Through the letter from Imperial Life assures policyholders that the benefits provided on existing policies will be at least as secure as at present, Richard Knox-Johnston wants specific answers to questions on financial security, ownership of assets and bonus expectations.

But above all he is concerned that in this era of investor protection there is a need to establish the right of policyholders to be consulted on any changes in their contracts, particularly where the best interests of policyholders are not the same as those of directors and shareholders.

If the action committee does not get satisfactory answers to its questions from Imperial Life then it intends to present its views to the High Court of Justice in England and the Minister for Consumer and Corporate Affairs for the Dominion of Canada.

The court hearing in England for legal ratification of the transfer is scheduled for December 8 this year, so there is very little time for policyholders to take action.

Roger Wain, Imperial Life's chief executive in the UK feels that policyholders have nothing to worry about. He expressed surprise at the formation of an action group, which ignored the

considerable steps taken by Imperial Life to ensure policyholders' interests being fully safeguarded.

Mr Wain refers to the report of the independent actuary who states his satisfaction that not only will the interests of all policyholders be fully protected but in many cases will be improved.

Richard Knox-Johnston points out that if the action committee get satisfactory answers to its questions then it will not initiate any opposition to the proposals.

The case poses problems of principle in any move by a proprietary life company to make changes in its operation methods—namely the involvement of policyholders. Unlike a mutual life company, a proprietary company is not legally bound to seek their approval. But there is a strong moral and practical reason for informing and involving policyholders in the decision-making process as early as practicable.

Mr Wain refers to the discussions with the Department of Trade and Industry. But the DTT's main concern is solvency, not the rights and expectations of policyholders. Further information from Policyholders Committee c/o Anderson Kemp & Co, The Old Dutch House, 139 High Street, Dorking, Surrey, RH4 1BG (Tel: 0306 885191).

OF THE groups undergoing major changes profiled in recent weeks, Sentinel, formerly Aitken Hume, has surely had the toughest time of it. Launched in the early 1980s as the unit trust subsidiary of Aitken Hume International, the group participated in the reigning enthusiasm for aggressive specialisation by going all in on technology, only to be hit for six in the performance charts by the collapse of this sector in 1982.

The group's performance had sunk to dismal levels all round by the middle of 1983, and the resignation in November last year of controversial director Tim Aitken was closely followed by a complete switch in the management team. The year 1983-84 saw the loss of five directors, including Aitken and Prince Michael of Kent. In mid-1986 the group was facing another headache in the shape of a hostile bid battle with Tranwood, which fizzled out towards the end of July when Tranwood failed to find the necessary support.

In the midst of all this, Aitken Hume acquired Sentinel Life in November 1985, and the unit trust group was renamed Sentinel in January this year. As the table shows, the new management team has performed the striking feat of turning the funds round from below average performance to above average, in several cases, sector-leading levels.

Two European funds, launched early this year, are managed by Suzanne Turner, formerly of Wardley. At November 1, both trusts were top of their sector. Under the same manager the International Growth trust is also a top performer, having risen from the bottom of the sector three years ago.

The other two senior members of the fund management team are Hugh Young and Julian Chillingworth, both recruited from MGM. Managing director Richard Luders, having joined Aitken Hume in 1978, is one of the few people remaining to have seen the evolution of the unit trust group to its present state. He has been involved in managing the Small Companies trust, which has also moved into the top quartile of its sector. But he is now withdrawing from direct involvement in managing the fund in order to act as investment director.

He agrees that the team is small given the 12 trusts (plus one exempt) under management but feels that this is a positive factor. "We are a small team, and communication is very good. He puts the previous fund management team's under-performance down to lack of teamwork and dissipation of managers' energies.

The group is looking for

	9 mths	1 yr	3 yrs
American Majors	16.3	31/85	26.5
American Technology and General	10.1	66/95	4.2
European Growth	73.5	1/53	—
European Income	98.2	1/25	—
International Growth	61.7	2/101	38.6
International Income	14.8	20/25	10.4
Japanese Technology and General	57.7	14/52	64.7
Pacific	90.7	14/54	62.6
Secure Income	22.6	48/110	15.9
Small Companies	31.6	24/127	23.2
Special Situations	26.8	33/127	19.3
UK General	46.1	1/91	44.9

Source: Money Management

Christine Stopp on changes in the unit trust world

About turn for Sentinel

another UK manager but is prepared to wait for the right person who will fit in with the rest of the team and be able to continue what Luders feels is an excellent record of stock selection.

The group at present has about £82m under management in unit trusts, compared to some £50m before the Tranwood affair. The complete change of managers did cause some loss, but more on the private client side than among unit-holders. Aitken Hume was always strongly broker-oriented, and it seems the brokers have some faith in the new restructured group. The new European Income and Growth trusts now total £12m.

Sentinel is trading a much more generalist path after its unfortunate experience of specialisation. It has not, however, terminated or merged any of the poorer performers among its existing funds, though turning them round has required painful surgery.

The American Technology Trust, says manager Hugh Young, was "part of the nightmare, with about 12 per cent in unquoted companies when he took over. The decision was taken to write these down to realistic values within the portfolio and valuations were slashed to levels even more conservative than those chosen by rival funds holding the same stocks. The term "and General" has also been added to the fund's objectives, giving the manager much more flexibility. The portfolio is now a mixture of more broadly defined technology and smaller companies.

The list of trusts offered by the group is interesting, especially "flavours"—ecology, international income and smaller companies—within what is now a good spread across the major world markets. An anomaly of the group's history is the fact that it does not have a general Japan fund, though its Pacific trust has been up to 95 per cent in the Tokyo market. Managers asked which trusts they would favour for 1987 agreed that this trust showed interesting prospects, with the ability to invest in up-and-coming minor markets such as Hong Kong, Singapore, Taiwan and New Zealand.

Is not this the sort of specialisation that got the group into trouble before? No, says Luders. Sector specialisation is the main danger. Aggressive moves in any direction are to be avoided. "Doing things sensibly" and "not going out on a limb" are phrases which recur in his conversation.

If this is the philosophy the group has been using for the past year, it certainly seems to work. Luders has not been actively marketing the trusts so far. "You cannot market without performance. We wanted to get one year under our belts." That view will change next spring when he expects to add three new trusts to the list. "We shall then have 16. That will be enough."

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Salesmen to come in from the cold

"WE'RE CONDUCTING a survey on inflation and the cost of living" said the smartly dressed young man at my door.

Although his question was designed to suggest that he was from a market research or opinion poll company, bitter experience suggested otherwise. He was, in reality, a financial services salesman, indulging in the practice of "cold calling" defined by the Securities and Investment Board as "a personal visit or oral communication made without express invitation."

Cold-calling includes not only home visits, but telephone calls and street encounters. Most start off with some general, banal question designed to grab your attention. For example, those accosted by Oxford Circus with the query "Do you work in London" are starting a trail that will lead them back to the offices of Liberty Life in Regent Street.

Terry Newcombe - Bilham, marketing manager at Liberty Life, confessed surprise when I called him, that his representatives were using that line. "Now it has been brought to my attention," he said "they will identify themselves at the outset."

Indeed they should. New rules for cold calling are to be introduced by the Securities and Investment Board, which will be designed to stop some of the more blatant abuses. At present the controls surrounding cold calling incorporated in the Prevention of Fraud (Investments) Act are rather vague. Basically any investment product can be sold in this way, with the notable exception of securities, including unit trusts.

There is a ten-day "cooling off" period during which the buyer is entitled to change his/her mind and cancel the whole deal with a full refund of any monies.

However under the Financial Services Act controls over cold calling for investment products will be considerably tightened. Under proposed new regulations to be introduced by the Securities and Investments Board, probably during the second half of next year, cold calling will be restricted only to life assurance and unit trust products, and the "cooling off" period will be extended to 14 days. The rules will insist that callers identify themselves from the outset.

The caller at my door who started off by talking about a survey on inflation revealed himself, after much questioning, to be from Rosk Associates, a financial services company based in Shoreditch High Street. When I rang, Robert Stein, a partner at Rosk, he said that this was not their approved line and he assured me that a lot of emphasis in training was placed on the current approach to clients. He later told me that, for earlier abuses, the salesman concerned had been sacked.

Mr Stein arranged a meeting

Jardine Matheson Holdings Limited

1986 Interim Scrip Dividend

For the purposes of the 1986 interim dividend of Jardine Matheson Holdings Limited the average last dealt price of the Company's Ordinary Shares on The Stock Exchange of Hong Kong Limited for the four trading days up to and including 27th November, 1986 was HK\$21.92. Trading in the Company's Ordinary Shares was suspended on 28th November, 1986 following the announcement of a major reorganisation of The Jardine Group on 27th November, 1986. The number of new Ordinary Shares which Shareholders will receive will be calculated by multiplying the number of Ordinary Shares, in respect of which they have not elected to receive cash of HK\$0.10 per Ordinary Share, by the following fraction:-

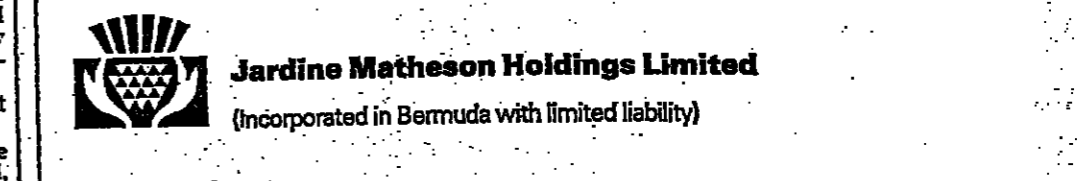
$$\frac{0.10}{21.92}$$

Fractions of new Ordinary Shares will be aggregated and sold for the benefit of the Company.

Thus a holder of 2,000 Ordinary Shares in respect of which he had not elected to receive cash will receive 9 new Ordinary Shares.

By Order of the Board
 R.C. Kwok
 Company Secretary

Hong Kong, 29th November, 1986



OFFICE EQUIPMENT SURVEYS 1987

The Financial Times is proposing to publish the following Surveys on the dates listed below:

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Monday 23 February	Office Design and Furniture
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Monday, December 22, 1986

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Michael Hallaran
 Overseas Advertisement Department
 Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY

Tel: 01-248 8000 ext 3720

Handwritten signature: J.P. Stein

Dr. P. 10/50

Double trouble...

In June 1985 I ordered four replacement double-glazed windows. Three windows were installed, and full payment was made in November. After much delay due to incorrect glass, wrong size and breakage whilst fitting the fourth it was at last completed apparently satisfactorily last May.

Unfortunately, on July 15 the inner pane of the troublesome fourth window was found to have cracked. I phoned the installation depot to have the window fixed. I was sent a quotation for £117 which I returned since the window had obviously been faulty. The quotation was sent back to me with a letter stating that this breakage was not covered by the 10 years guarantee as the cracked glass was "caused by the fact that the window had been pulled by the handies." Is that not what the handies are for? Unless you can prove that the cracked glass is due to defective materials or construction you cannot rely on the guarantee. It sounds as if there must have been undue pressure was exerted on the handies. Unfortunately the cost of obtaining an independent expert opinion is likely to exceed the cost of repair. If your insurance will not cover the cost you may care to invite the glazing company to reconsider its position before you take the matter up with consumer protection authorities.

Derelict land

The Parish Council on which I sit wants to develop a piece of waste ground as a play site and has applied for a grant for this purpose from the District Council. The District Council, however, wants to know the owners of the land. One portion is owned by a brewery which is willing to sell the land. The other strip was left over after the Beeching railway line was developed as a housing estate 19 years ago. Letters to the then owners of the land have produced no response, so we have reached an impasse with the District Council. Is there a time limit after which land which nobody claims (we are talking in yards not acres) can be taken into the parish or district council ownership? There is no provision which would enable derelict land to

become vested in a local authority. If the council, or an individual, were to take possession of the land in such a manner as to exclude all others (preferably fencing it off) then after the lapse of 12 years a possessory title will have been acquired which would be good against the former owner.

What's in a name?

To avoid being pestered I have on occasions used a false name at hotels and paid my debts etc under a false name. Does the law have anything against this. I have no criminal intent. So long as you do not actually commit any offence which is facilitated by the assumed name there is no criminal or civil wrong committed by using a name other than your correct name. If you use the same assumed name often enough it could become your name.

Holiday letting

My wife bought a holiday furnished flat in December 1984 and has let it successfully for the last two seasons. The net profit after all outgoings for the tax year 1985-86 of £1,149 was reported as being my wife's income. As my understanding is that since 1984 holiday lettings were to be regarded as earned income, I was surprised to receive an assessment for both 1985-86 and 1986-87 as my investment income. I appealed and have been rejected. I pay higher rates of tax, my wife only the standard rate. The property is available for the required 140 days and has been let for more than the 70 days required. As my wife arranges the letting—takes all the income and pays all the bills, am I correct in saying that this is indeed her earned income, and what authority can I quote to HM Inspector of Taxes? You should write to the District Inspector (marking your letter and the envelope "For the attention of the District Inspector"), because the tax officer dealing with your case is clearly in need of training. The District Inspector will undoubtedly order a review of all cases which the officer in question has dealt with, lest other tax

payers have been more trusting than you—and consequently have been overcharged.

The tax officer has not taken the trouble to read paragraph 1 (2) (d) of schedule 11 to the Finance Act 1984, which explicitly confirms what you said on your notice of appeal (and applications to postpone payment). Furthermore, he has disregarded the Taxpayers' Charter issued by the Board of Inland Revenue (jointly with the Customs and Excise) last July. In saying "the tax remains due and payable" he is usurping the powers of the General Commissioners. Presumably he has not taken the trouble to read the instructions issued by the Board, following criticism of tax inspectors' procedure on taxpayers' appeals in the annual reports of the Council on Tribunals.

On the other hand, it looks as though he has read section 54 of the Taxes Management Act 1970—for, by telling you to "forward a letter withdrawing your appeals" (instead of inviting you to agree that the assessment be upheld without variation, which is what he should have done if he considered that section 50 of the 1984 Act was not applicable), he has tried to deprive you of the opportunity to change your mind, which Parliament has laid down in subsection 2 of section 54. Maybe, however, he has never bothered to read section 54 (1) and thinks that raiding taxpayers into withdrawing their appeals is the right way to reduce his workload.

The tone and content of the tax officer's letter will be roundly condemned by the District Inspector and by the Management Division of the Inland Revenue. Maybe the simplest thing is to send the District Inspector a photocopy of this reply, with a brief covering letter.

Signing a will

I have made out a simple will on a standard will form but am uncertain how it should be signed. I have two Christian names, and my NHS and company pensions are in this name taken from my birth certificate. I have, however, always used only my first Christian name and my bank account, passport and investments etc are all in this name. Can you advise a form of signing which would cover



No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

both names and so avoid any possible confusion? It is sufficient if you sign in the form which you commonly use for most transactions. The two witnesses who must both see you sign will be able to state that you did actually sign the will, and there is no need to use a form of signature which you do not ordinarily use.

Wife has a claim

I have just bought my house and although I paid for it entirely, I bought it in the joint names of my wife and I. I simply want to know, if in the future I sold the house, would she have an immediate claim to half of any profit from such a sale? You would be immediately entitled to half the proceeds of any sale of the property (after deducting the sale costs and any mortgage debt). Your wife would be likewise entitled to the other half.

Breach of trust

I am a life member of a club which is a charitable trust and therefore I am a beneficiary of the trust. Five years ago the Trustees sold part of the garden of the club to a neighbour at an extremely low price of £3,000. Independent valuers have now told me that the value of this piece of garden in 1981 would have been about £60,000. In view of this large discrepancy, is it possible for the beneficiaries, such as myself, to have the transaction set aside or for a proper sum to be paid by the neighbour? I may add that the Trustees acted in secrecy and disclosed nothing to the beneficiaries. Yes, there is a possibility of having the sale set aside, and in any event there may be a claim against the trustees for breach of trust. You should consult a solicitor as soon as possible.

BRIDGE

MANY A MAN is sleeping on the embankment because he did not draw trumps—so runs the old adage. But too hasty drawing of trumps can be equally responsible for sleeping rough.

First, a hand of many years ago:

N
♠ A 8 6 3
♥ A 7
♦ Q 9
♣ K 5 4 2

W
♠ Q 5 4
♥ J 6 3
♦ 10 8 5 2
♣ Q 10 3

E
♠ 10
♥ 10 8 5 2
♦ A K 7 4 3
♣ J 9

S
♠ K J 9 7 2
♥ K Q 4
♦ J 6
♣ A 7 6

At game all South dealt and bid one spade, North replied with two clubs, South rebid three clubs, and North's four

spades concluded the auction. West led the two of diamonds, East made king and ace, and returned the ten of hearts. The declarer won in dummy, led back the seven to his queen, and made his king, West dropping the knave. South now crossed to the king of clubs, and returned a club to his ace—if East ruffs, he is ruffing a loser. When the ace held, he cut avert with his remaining club, and West won.

After this detective work there is every indication that West holds three spades. The opening lead marked him with four diamonds, and he has three clubs and three hearts, unless the knave was a false card. West exited with a diamond, ruffed in hand; the declarer cashed his king of trumps, and seeing the ten drop on his right, led his knave, and ran it. A lovely example of discovery and card reading. Two weeks ago, sitting South, I dealt this hand:

N
♠ 9 2
♥ K 4
♦ K 10 8 3
♣ K 10 8 5 2

W
♠ A K J 5 7
♥ 8 3
♦ 6 4
♣ Q 7 6 3

E
♠ Q 10 6 3
♥ Q J 10 7 5
♦ Q 2
♣ J 4

S
♠ 5 4
♥ A 9 6 2
♦ A J 9 7 5
♣ A 5

At game to North-South I opened with one diamond, West said one spade, and North two clubs. East came in with two hearts—a poor bid—and I said three clubs. North now bid three diamonds, East raised to three spades, I tried four diamonds, and West decided to sacrifice with four spades. When this was passed to me, I ought to have doubled—this would have netted us 700—but I went five diamonds, and all passed. West made two spades, and switched to the eight of hearts.

Now I freely admit that Aunt Matilda makes five diamonds in a flash by cashing ace and king of trumps.

I decided on patient exploration. Winning with dummy's king, I led another heart to my ace, and cashed ace and king of clubs. I ruffed a club in hand, East throwing a heart, and I was now pretty sure that trumps were 2-2. I led another heart, West ruffed with the six—not a clever move—I overruffed with dummy's eight, and ruffed another club. Now I ruffed a heart with dummy's king of trumps, returned the ten, snessed my knave, and the ace was my 11th trick.

The excellent Bridge Player's Acol Diary is now available. It includes a summary of the Acol system, 12 practice hands, and other useful information. It comes in six colours, and at £2.95 it is a bargain! Apply to Rhoda Lederer, 5 Ellis Avenue, Chalfont St. Peter, Bucks. (0758 884141).

E. P. C. Cotter

CHESS

THE 109-nation chess Olympics reach their fourteenth and final round on Monday. A remarkable series of games last week ended made the supposedly invincible Russians look fallible and gave England a serious chance of gold medals.

After four rounds the USSR led with 13½/16 amid general expectation that, with Kasparov and Karpov outclassing the other top boards, they would pull clear in mid-tournament and easily retain the Hamilton-Russell Trophy.

In round five, Kasparov took a rest after failing to exploit a good position against Portisch of Hungary in the previous round. Karpov substituted on top board against Yugoslavia, was well beaten by Ljubojevic, so the Russians could only draw 2-2. In round six against England, Karpov rested. John Nunn defeated his deputy Sokolov by a brilliant attack given below. Murray Chandler, who has twice previously beaten Vaganian, caught his opponent's king in the centre in 24 moves.

So 2-0 to England, with a historic first victory over the Russians imminent. But Tony Miles, after holding his own against Kasparov, went wrong in time pressure while Nigel Short blundered against Yusupov. At 2-2, it seemed that the Soviet players had survived their crisis.

In round seven England, who had already achieved narrow but significant 2½-1½ successes against major rivals Hungary

and the US, defeated Yugoslavia by the same margin. The Russians had a much easier pairing against Iceland, but the young Scandinavians put up stiff resistance and won on board four where reigning USSR champion, the veteran Cheshkovsky, was proving a weak link. Again 2-2, and another Russian setback.

In round eight, England forged ahead with a 4-0 win over Iceland, while the Russians were once more struggling, this time against the US. At adjournment the score was 1-1, but US champion Seirawan had a much superior rook ending against Kasparov.

After eight rounds, leading scores were England 2½/32, Hungary 2½/32, US 2½/32 and 2 adjourned. The Russians have won the Olympic gold medals 18 times in 16 starts; England never. White: J. D. M. Nunn (England) Black: A. Sokolov (USSR) Sicilian Defence (Draht olympics 1986)

1 P-K4, P-QB4; 2 N-KB3, P-K3; 3 P-Q4, P-P; 4 N-P, N-QB3; 5 N-QB3, P-QR3; 6 B-K2, P-Q; 7 B-K3, Q-B2; 8 P-B4, N-QR4; 9 O-O, N-B5. The same risky plan—attack on the queen's side with the other flank undeveloped—which Pirc chose in a classic game against ex-world champion Emanuel Lasker at Moscow 1885. Lasker, then 87, demolished his young opponent then observed: "I may be an old man, but if you put your head in my mouth I can still bite it off." Pirc had already played N-KB3 earlier so Lasker went 10 P-B3, N-B5; 11 B-K1, QxR; 12 P-P, P-P; 13 R-K1;

PxR; 14 Q-R5 ch, K-Q1; 15 Q-B7 with a winning attack. 10 BxN, QxR; 11 P-B5, B-K2; 12 Q-N4, P-KR4.

Black tries a tactical defence (13 QxN?; B-B3) but White is far ahead in development. 13 Q-B3, B-B3; 14 P-P, P-P; 15 P-K5, P-P; 16 N-KA, Q-B3 (if PxN? 17 N-Q6 ch); 17 Q-N3, N-K2; 18 QR-Q1, P-R5; 19 NxB ch, PxN; 20 Q-N7, R-B1; 21 RxB; R-R; 22 QxR, Q-Q3.

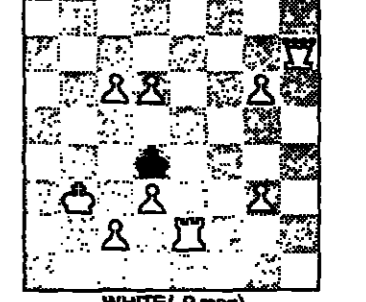
If PxN: 23 R-P, N-Q4; 24 Q-R5 ch, K-Q2; 25 Q-N7 ch, K-B3; 26 R-B4 ch. 23 B-N5! PxN; 24 R-P, N-Q4; 25 R-N1. Resigns.

PROBLEM No 648 White mates in three moves.

against any defence (by Dr W. Massmann).

Solution Page XIX

BLACK (1 min)



WHITE (9 min)

Leonard Barden

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WHITTINGDALE CHALLENGER FT29/11

Lailan Young samples the picturesque French countryside around Dieppe

Where secrets are a way of life

NORMANS, as readers of Guy de Maupassant will know, have a reputation for miserliness.

Many of de Maupassant's short stories were set in the farmland of the Pays de Caux, behind the blank chalk facade of the white-cliffed Côte d'Albâtre which runs from Dieppe to the Seine.

their rows of beet. You may even meet a goat-cart trundling along, or in autumn encounter an ambulant distillery, like a steam engine, turning the farmers' cider into raw calvados, apple-jack, brandy.

Some of the long and picturesque timbered cottages, thatched with straw or reed, are, on closer examination, humble hovels, their eaves hung with drying crops of beans or corn, window sills loaded with geraniums, and walls beset with rabbit hutches.

heightened by their air of haunted neglect.

Yet this was never an inward-looking place. Despite the hidden wealth of the agriculture, the secret trout streams, gnarled orchards, wind-whipped cemeteries and unrestored stone churches, this is the home of pirates, explorers and great navigators as well as peasants and feudal chateau owners.

ate loggia and its brick flint and stone dove-cote (the third most commodious in France) is open to visitors at Varenneville. Close by is the Parc des Moutiers, a Lutyns house set in a garden thick with rhododendrons sloping to the sea, and

is surrounded by breathtaking displays of flowers in pots, bunches and bouquets, and a plethora of stalls selling dried fruits, clothes, chair caning services or sponges for the bath-room. You have to be there early because it's all over by

paws: painters of oysters packed in seaweed; basins of shrimps, and iron counters loaded down with fruit, vegetables, meats and cheeses.

Two of the best shops are Oliver in rue St Jacques for groceries and cheeses, and Raoul in Grande Rue for chocolates. Along Quai Henri IV, where the Channel ferries from New-haven dock, are a number of restaurants where fruits de mer and good fishy dishes can be had. I like the Sully best, though many of my friends favour L'Armorique or the New-haven.

trance to Le Pollet, the old fishing quarter of Dieppe across the harbour from the main town.

On the way to Veules I used to picnic on the cliff-top above the beach of Pourville till the sea reclaimed the spot, sending it and the remains of a German war bunker plunging into the sea. In some places the sea is eating into the Alabaster coast at a rate of three metres a year.

Beyond Veules, St Valéry-en-Caux has a hidden war cemetery and memorial to the Scottish regiments who returned here during the war, and just one surviving ancient house beside the prospering yachting harbour. A few kilometres further on, visitors not dissuaded by Chernobyl may take guided

Secrets being much in favour around here, it is entirely appropriate that one of the collections with which Alexander LeGrand decided to embellish his pseudo-monastery when he made a fortune exploiting the liquor air in the last century was made up of hundreds of locks, padlocks and chains. Even now, when highly organised guided tours through the place, no-one is allowed to sniff all the herbs in the heady atmosphere of the herb room in case they discover Benedictine's secret formula.

tours of the monumental nuclear power station buried in the cliffs at Paluel, or proceed to Fécamp, where Dom Bernard Vincelli sniffed the scent of the local hyssop and the rich variety of new herbs and spices arriving from Dieppe, took to his phials and produced the secret recipe for Benedictine.

A visit to the vast Benedictine complex ends with a choice of pancakes, ice cream, or a nip of the elixir itself as a welcome return on the entrance price. It goes some way to lay the myth of the Normans' lack of generosity of spirit.

WEEKEND FT BREAKS

Varenneville church, painted by Monet, and embellished with stained glass by Braque, who is buried in its cliff-top churchyard.

Jean d'Ango's statue is in the principal square of Dieppe and overlooks the superb Saturday morning street market. He

noon, and most stallholders do not return after lunch. Butter is sold from the churn, and cream from big pails, by robust Norman farmwives. Others bring herbs from their gardens. There are rabbits alive, or gutted and stripped of all fur save the gloves on their

sible the human and natural environment—all to the enormous enjoyment of the students.

When the idea of starting an art school in Lacoste came to Priem in the mid-1960s, he hesitated. Although he had given numerous exhibitions in Paris and New York (his work now hangs there in the Museum of Modern Art), and for years had travelled throughout Europe as the US government's chief trader and World's Fairs designer, his home (and heart) was in Lacoste. He had come to respect the dignity and simplicity of the population and feared that an influx of foreigners and their ways would destroy the quiet way of life. So he took his idea to Lacoste's 300 villagers who welcomed it, feeling that the economic stimulus provided by such a school could help them. Now in their 17th year of peaceful co-existence, they have yet to regret their decision.

Priem brings to his art and his school the same respect that he has for his environment. In educational terms, he is a traditionalist. Although his own work has evolved through such abstract genres as figurative expressionism and surrealist self-portraiture, he believes in solid beginnings provided by thorough academic study. Drawing technique, perspective, study of the Old Masters and of human anatomy are all required. Whether the actual work takes place in the village's enormous limestone quarries, among the trees of its 600-year-old oak grove, or in the classroom, Priem's thorough study of such subjects instills in his students the notion that art education is total education.

To this end the school offers, under the sponsorship of the Cleveland Institute of Art, not only courses in painting and drawing but also sculpture, art history, print-making, photography, French, poetry and aesthetics.

Over the years, this attitude of dedicated education has attracted some of the most competent art instructors in the US and, as visiting lecturers, such personalities as Man Ray, Max Ernst, Henri Cartier-Bresson, Ernest Haast, Peter de Francia, John Rawald and Stephen Spender.

At the end of their summer and autumn sessions, the 70 or so art students at Lacoste exhibit their work in the streets and invite everyone to see it.

Gay Firth discovers relics of a noble past in the Wild West of mediaeval times

CASTLES? There are castles galore. An impressive parade of ruined but reliable aristocrats marches north through Herefordshire and Shropshire, the Wild West of mediaeval England, crisscrossing the border into wild Wales.

Ola's Dyke to the left of them, Severn to the right of them—you can see a dozen or more grand old castles in the space of a weekend (if you work at it), not counting fortified manor houses. The most romantic and best preserved of these, Stokesay Castle, the "stoke" or dairy farm of the Norman family of de Saye, was bought in 1280 and fortified for his delight by Lawrence of Ludlow, a rich wool merchant eager to ape the upper classes. (Plus ça change, plus c'est la même chose.)

Of the great castles, Henry V was born at Monmouth; Cium was the setting for Sir Walter Scott's novel The Betrothed, and poor young Prince Arthur, first heir to the Tudor throne, died on honeymoon at mighty Ludlow Castle, leaving his poor widowed princess, Catherine of Aragon, to become the first of his brother's six queens.

"Oh I have been to Ludlow Fair/And left my necktie God knows where"—but if you don't care about finding it, preferring to push on in the footsteps of A. E. Housman's Shropshire Lad, you will leave Ludlow behind you. To be sure, it has lots of antique shops and gloriously half-timbered buildings—the most famous, the Feathers, is Walt-Disney-spectacular on the outside, but inside it is downright trying:



Bodenham's Shop in Ludlow, which still contains parts of the 700-year-old original

a tastelessly lit, thoroughly second-rate hotel whose restaurant is feather-bedded, apparently, by its spectacularly worn reputation for excellence.

But seven or eight miles out of Ludlow you are in the heart of England. Between Craven Arms and Much Wenlock runs Wenlock Edge, a magical limestone escarpment—dropping sheer in places—a wooded ridge nearly 16 miles long. The B437 travels for quite a way along the top, with several small parking areas. On a November day in late Indian summer, under bleached-leaves sky, there is nowhere more beautiful: small fields pocked with sheep patch the view up-country towards Shrewsbury, over Ape Dale, the Long Mynd and the Striperstones, with the Wrekin over to your right, a dozing dinosaur scaly with shadows. Modern England here dissolves into a landscape going into a more ancient order of business.

Wet days, Sundays especially,

have the grey seriousness of cathedrals in this wonderful stretch of countryside once called the Welsh Marches. The river Severn slips past Worcester's great West Door; the ceilings of nave, quire and lady chapel swirl with painted tendrils—a delicate canopy over the tomb of England's blackest-painted monarch, King John.

Shades of an older England

locked and rain still blots the landscape of ecclesiastical autumn colour—sienna, burgundy, olive-green and bright scarlet over fences—stop off before you head for home, for Sunday lunch at Vaughan's, the unpretentious café-restaurant on the corner site directly opposite Heretford West Door. There are real flowers on each flowered oilcloth table cover, local theatre and concert listings in the window, and roast beef, desert and coffee for a set £8; 50 pence for a pot of Earl Gray at teatime.

TRAVEL DETAILS: About 3½ hours by car London-Ludlow, through the Cotswolds via Leominster and Loomerston. The Heart of England Tourist Board, Trinity Street, Worcester (01299 222222) or WRT 2PW (telephone 0905 531322) have maps, fact sheets, motorist routes and lively, well-laid-out information and excellent country guides which contain calendars of local events and festivals. A booklet called Exploring Shropshire by Bus & Rail is available free from Shropshire County Council, Stone Hill, Shrewsbury.

ACCOMMODATION: Avoid the bigger hotels; stick to modestly priced B&Bs, guest houses and farmhouses (see the Take A Break booklet, Heart of England and Elizabeth Gundry's A Staying On the Eastern Track (H&M) paperback, £2.95).

GLEBE FARM Country Guesthouse, Diddbury, Craven Arms (02472 221) run by Michael and Eileen Wilton (and their son Adrian—other son runs the farm), has such a reputation for comfort and good food that you should not be surprised to find them fully booked. Open March 9 to 10 days in November (closed for 10 days in early June); dinner/bed/breakfast £25; £20-25 per person per night. Dudley Mill, All Stratton, Church Stratton (0547 725697), run by David and Susan, is highly recommended. It's a slightly larger B&B and, if you like, more self-catering. Anthony and Monica Manswaring run a cottage-style private wing at the end of their 16th century "Welsh longhouse", Nantigo, Llanfair Waterdine, near Knighton (0547 530762). The original broad eave, an old staircase leads to a twin-bedded room with a modern bathroom and shower. £20-27.50 per week; food on request—country suppers and picnic snacks.

Nicholas Woodsworth visits a French village where a strange malady awaits unwary visitors

EVERY YEAR, substantial numbers of foreigners visiting the south of France catch a strange and incurable sickness. Although the illness may be contracted in many of the small and still relatively primitive mediaeval villages that dot the Provence countryside, it is to be found in its most virulent form in Lacoste, a 900-year-old community sheltering on a hillside in the lee of the rugged Luberon mountain chain.

In this village, where the traditional population of quarry workers has for centuries built its houses, streets, walls and walls solely and beautifully of stone, contagion for both inhabitants and visitors is inevitable. The sickness is known locally as la maladie des pierres, the love of stone, and artists are the most prone to it. Although he settled in this tiny village more than 35 years ago, American painter Bernard Priem was not the first non-local of international repute to succumb to the maladie des pierres.

The 19th century's Marquis de Sade could make that particular claim and that infamous noble's fortified chateau continues to dominate Lacoste's stone-sculpted skyline.

Nor is Priem the only established artist responsible for Lacoste's creative reputation; the village has long been home to a contingent of sculptors, painters, poets and writers from three continents, many of them widely-known. But what Priem has done over the past 20 years is even more notable: while faithfully preserving the character of Lacoste, he has invited generations of developing young artists into that special place and allowed them to fall prey to the malady.

When Cleveland-born Priem arrived in Lacoste in the spring of 1951, he was not thinking of starting an art school or even seeking a place to settle down. Beset by hay-fever in the pollen-laden streets of Paris where he then lived he had simply fled and, in following his streaming nose, stumbled upon the village more or less by accident.

"Lacoste back then was an almost forgotten place," Priem recalls today. "No one in Avignon, 35 miles away—not even the taxi drivers—had ever heard of it. A bus dumped me on the main road one hot afternoon and I had to walk miles, dragging my suitcase, not sure where I was going. But when I arrived at the bottom of the hill and looked up, something inside me said, 'this is it.' Much of the upper part of the village was in ruins—houses were abandoned, roofs had caved in, walls were crumbling. But I knew I was home."



Students outside their dormitory—once a bakery—in the village of Lacoste

Seduced by a love of stone

ately took a room in the Café de France, the village's only hotel. Shortly after he was able to buy, for \$50, the house which has been his principle residence ever since. Later, the ruins next door were bought for \$10 a large, neglected building further along the hill, now Priem's airy studio, was traded for an American refrigerator. Although years from realisation, the beginnings of an art school were there.

Apart from prices, little has changed in Lacoste since 1951. Due largely to Priem's efforts, the neglected sections of the village have been restored faithfully and maintained. Now classed as a part of the national heritage, the site is protected from alterations. But the Lacoste School of Art today occupies 19 weathered stone buildings and composes roughly the top third of the steeply sloping village. To reach it you park below and walk through the village's massive covered stone gateway climbing zig-zag cobbled stone streets far too narrow for cars.

Unlike many of the other "classical" villages of Provence and the Côte d'Azur, there are no boutiques. Instead, there are

pots of trailing geraniums with cats dozing on doorstep... And, more wonderful still, emanating from the rough-cut stone surfaces of the walls, inclines, and arches of the village corners, there is a strong feeling of simplicity and harmony. You feel that for young artists seeking their own styles, there could be no better place than Lacoste to encourage their instincts.

So well integrated into the life and physical structure of the village is the school that its presence is not indicated even by a sign. There is no luxury accommodation but a warm, low-ceilinged, crazily-angled stone houses' original interiors. Neither is there a modern cafeteria; students eat in a 12th century stone-vaulted dining room that was formerly the Marquis de Sade's chapel.

Nor are there anything like sophisticated, controlled north-light studios for the students. Instead, work takes place on rooftops and terraces that command stunning views over the patchwork valley of lavender, sunflowers, and vineyards. Everything is designed to bring together as close as pos-

sible the human and natural environment—all to the enormous enjoyment of the students.

When the idea of starting an art school in Lacoste came to Priem in the mid-1960s, he hesitated. Although he had given numerous exhibitions in Paris and New York (his work now hangs there in the Museum of Modern Art), and for years had travelled throughout Europe as the US government's chief trader and World's Fairs designer, his home (and heart) was in Lacoste. He had come to respect the dignity and simplicity of the population and feared that an influx of foreigners and their ways would destroy the quiet way of life. So he took his idea to Lacoste's 300 villagers who welcomed it, feeling that the economic stimulus provided by such a school could help them. Now in their 17th year of peaceful co-existence, they have yet to regret their decision.

Priem brings to his art and his school the same respect that he has for his environment. In educational terms, he is a traditionalist. Although his own work has evolved through such abstract genres as figurative expressionism and surrealist self-portraiture, he believes in solid beginnings provided by thorough academic study. Drawing technique, perspective, study of the Old Masters and of human anatomy are all required. Whether the actual work takes place in the village's enormous limestone quarries, among the trees of its 600-year-old oak grove, or in the classroom, Priem's thorough study of such subjects instills in his students the notion that art education is total education.

To this end the school offers, under the sponsorship of the Cleveland Institute of Art, not only courses in painting and drawing but also sculpture, art history, print-making, photography, French, poetry and aesthetics.

Over the years, this attitude of dedicated education has attracted some of the most competent art instructors in the US and, as visiting lecturers, such personalities as Man Ray, Max Ernst, Henri Cartier-Bresson, Ernest Haast, Peter de Francia, John Rawald and Stephen Spender.

At the end of their summer and autumn sessions, the 70 or so art students at Lacoste exhibit their work in the streets and invite everyone to see it.

in groups of two or three the villagers stand around paintings, photos and sketches smilingly pointing out interpretations of their houses, vineyards and themselves. Despite years of living side by side with the more sophisticated foreigners, they're not sure why anyone would want to experience the rigours of their isolated village; but one thing they have realised—if the students come here year after year to study art, it is because they, the villagers, actually live it.

They were driven away and scrapped. Today, that would be like burning a pile of impressionist paintings. But then it must have seemed the sensible thing to do because an old car was an old car and a new one was much better.

The cult of car collecting is a recent phenomenon. Leaf through a pile of old motoring magazines and you will see that just before World War II a Bullnose "Morris in running order" was worth about a fiver.

Today, that same car, lovingly restored to as new condition, could cost one thousand times as much. If you think I am exaggerating, consider an advertisement in the current issue of Classic Car magazine. It offers a 1933 Austin Seven saloon, in good order, at £2,300. In 1939 it might have fetched 50 shillings, but only if it had good tyres.

I cut my motoring teeth on a 1937 Flying Standard Nine. With hindsight, I can see that I bought it when it was already over-ripe for conversion into concrete reinforcing bars but a penniless young journalist could afford nothing better.

It was a set of wheels, but only just. As I saved for my first new car, I got to know the Standard's entrails intimately as I struggled to keep it going. I dreamed of owning a brand new car, of driving it for long distances, trouble-free, instead of crawling underneath, ruining my clothes as I performed emergency surgery on its hot and oily nether parts. I got my new car, in the end. It was a Ford Anglia and the day I took delivery I felt as if the gates of Paradise had

opened. Since then I have owned many cars, none of them particularly distinguished or exciting, and it has been my good fortune to have driven out of the ordinary car — the classic car as enthusiasts have it — alive and well. Almost anything, it seems can qualify, from an early post-war Riley 2½-litre to a 1977 Porsche 911 Carrera that, to the uninitiated, looks no different from a current model.

Most are probably bought for the pleasure of driving; others are seen as investments. But how good is a classic car as a hedge against inflation? This is the question Classic Car magazine addresses in its December issue by publishing a comprehensive record of price performance.

Anyone contemplating classic car ownership for emotional or financial reasons would find it an invaluable guide. It is the work of Lindsay Porter, a classic car buff, who with his wife has built up a six-year computerised record of prices. It will not tell you if sinking £10,000 today in a very low mileage Jaguar XJ12 will produce a better return over the next 10 years than investing it in a building society or unit trusts. But it does trace vast price performance of any car that might remotely be considered a classic — and many that I would have thought were anything but.

Should a true enthusiast for classic cars be obsessed with prices? Editor Tony Dron thinks not. The real pleasure, he says, is found in driving them and not in counting up the profits to be made when selling them. No doubt I know Tony to be a fast and expert driver; he must be a dab hand with a toolkit as well.

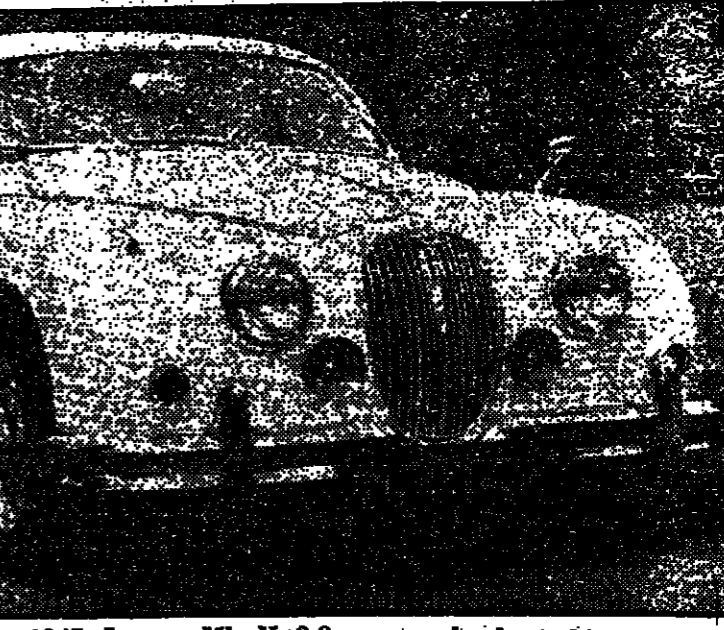
Stuart Marshall on the thriving cult of collecting old cars Counting the cost of classics

SIR DAVID SALOMONS was one of the great pioneers of motoring. A very rich man, he collected cars as others might save stamps. When he died, he owned a score of cars dating from the closing years of the 19th century to the 1920s.

They were immaculately maintained and kept in a heated motor house adjoining his mansion near Tunbridge Wells. When Sir David died in the mid-twenties, his executors rang the local garage and gave instructions for the cars to be disposed of.

They were driven away and scrapped. Today, that would be like burning a pile of impressionist paintings. But then it must have seemed the sensible thing to do because an old car was an old car and a new one was much better.

The cult of car collecting is a recent phenomenon. Leaf through a pile of old motoring magazines and you will see that just before World War II a Bullnose "Morris in running order" was worth about a fiver. Today, that same car, lovingly restored to as new condition, could cost one thousand times as much. If you think I am exaggerating, consider an advertisement in the current issue of Classic Car magazine. It offers a 1933 Austin Seven saloon, in good order, at £2,300. In 1939 it might have fetched 50 shillings, but only if it had good tyres. I cut my motoring teeth on a 1937 Flying Standard Nine. With hindsight, I can see that I bought it when it was already over-ripe for conversion into concrete reinforcing bars but a penniless young journalist could afford nothing better. It was a set of wheels, but only just. As I saved for my first new car, I got to know the Standard's entrails intimately as I struggled to keep it going. I dreamed of owning a brand new car, of driving it for long distances, trouble-free, instead of crawling underneath, ruining my clothes as I performed emergency surgery on its hot and oily nether parts. I got my new car, in the end. It was a Ford Anglia and the day I took delivery I felt as if the gates of Paradise had



One collector's car: a 1967 Jaguar Mk II 3.8, now valued at £4,000 and—hopefully—appreciating all the time

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Opel triumphs

IN A surprise result, Opel's new Omega — the car known in Britain as the Vauxhall Carlton — has been chosen Car of the Year 1987. The award is made by an international jury of more than 50 representing a consortium of European newspapers and magazines.

The Opel scored 275 points, comfortably ahead of the BMW 7-Series second, the Mercedes 200-300 Series third, 238. Third was the BMW 7-Series (175) and fourth the Rover 800 (169). Fifth was the car that had been widely expected to win in a walkover — the Jaguar XJ6. It scored only 145 points. All the British jury members gave most votes to the Jaguar XJ6. It has just been chosen as Top Car by the Guild of Motoring Writers, which put comfortably ahead of the BMW 7-Series second, the Mercedes 200-300 Series third, 238. Third was the BMW 7-Series (175) and fourth the Rover 800 (169). Fifth was the car that had been widely expected to win in a walkover — the Jaguar XJ6. It scored only 145 points. All the British jury members gave most votes to the Jaguar XJ6. It has just been chosen as Top Car by the Guild of Motoring Writers, which put comfortably ahead of the BMW 7-Series second, the Mercedes 200-300 Series third, 238. Third was the BMW 7-Series (175) and fourth the Rover 800 (169).

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Landlords who pass in the night

"I'D BE surprised if 50 per cent of the people whose homes are up for sale know about it." Alan Rea of auctioneers Folkard Hayward and Normans was talking about a particular estate of 163 homes coming under the hammer at a London auction in December. But the principle applies to countless tenants of private rented properties whose homes changed hands as low-yielding investments.

Rea would like to change that by writing to the occupiers of every property that comes up for auction. "It's a way down the line," he says. "But we'd like to mailshot incumbent tenants and make them aware that they have an opportunity to buy their own homes." In those cases, normal mortgage finance would be easy enough to arrange.

The entire range of residential and commercial property offered at auction would be covered by the new arrangements. "It's a dramatic impact on the number of lots placed at auction, with sellers confident of achieving the highest price because of the funding facility on every property offered."

Willmott's Victor Herrington does not see his role as offering guidance to the less financially sophisticated property dealers. His auction house's pointer to Chancery's "hassle-free" loans is, he says, just part of the service. "Quite a few people who buy at auction do so on impulse, but I would hear back if there were any trouble about financing, and the scheme has been tried and tested."

Herrington and Rea agree that there are few bargains left among the declining number of unmodernised houses. Competition from individual home buyers and the crowds of hopeful developers have sent prices well ahead of other auction stock. Over at Chancery Securities, Ian Rosenthal says much the same thing. "There are people buying at prices that do not stack up."

commercial funding, whether on residential properties or not, where the clearing banks would not venture. "We are successful, we will lend 50 per cent or 100 per cent, which is why we do need to be right on top of the market," he says. "That closeness to the property market and developing market enabled the bank — essentially a family business before its USM float in December 1985 — to weather the 1973-74 crash intact. Now, says Rosenthal, "we do not make any bones about it. Anyone who can get clearing bank funds should do so. We are a merchant bank. Our attitude is more adventurous, and we finance a lot of small and medium-sized developers."

John Brennan on the oddities to be found at auction sales and a new way for buyers to finance their purchases

In practice, it is not quite as simple as that. Just as the auction department of Willmott's has a note on its sales lists, about the "hassle-free" financing available through the USM-quoted Chancery Securities so Folkard Hayward and Normans has now turned to Chancery as a loan source for its buyers.

ers, whether they have other lines of credit or not. "A lot of property people spend all their time racing around looking for development opportunities and tend not to be efficient borrowers. They just call their bank and say 'put it onto the overdraft'. They do not stop to see if there is a better way of organising it, perhaps with a small, self-administered pension scheme or with interest-only loans, or where the interest is rolled up..."

Developers aim for the high life

SOME TWO years ago, developers looking at new or refurbished office schemes in central London started to take a keen interest in residential property prices. Demand for commercial space at the time was highly selective, and investment was weak. Demand for residential property, on the other hand, seemed to be insatiable. And regular reports of spectacular price rises at the luxury end of the market convinced quite a few developers that their schemes should include apartments for sale.

Edwardian splendour of the former department store. Called the Ladbroke Apartments, they range in price from £155,000 for a single-bedroom flat to between £265,000 and £376,000 for two-bed units, up to £595,000 for a three-bedroom on the top-sixth and seventh floors. One of the two-bed flats had been sold before the building work was finished; now, Keith Cardale of Groves (01-629 6604) is handling the sale of the rest, all on 99-year leases.

big apartments for sale on the top. Anthony Lassman, whose agency (01-409 2020) is handling the sales, was called in to discuss the scope for flats rather than offices more than a year ago. He was selling the apartments within the Savoy Hotel at the time; thus, "we could tell the type of purchaser drawn to the area. Quite a few people wanted the Savoy apartments for the services they offered, but a lot of people wanted views over the river and the Savoy flats didn't have that. I went on the roof of the Playhouse and the views across the river and the city skyline are tremendous."

'Bloodbath ahead'

IF HUMBERTS should ever succumb to a takeover, Jeremy Blanchard, its London country house partner, can at least claim to have had his say about the problems of maintaining professional client services when priority shifts to selling financial services. A professional agent's client, he says, is a "customer" to a bank or insurance company, and he sees this difference in approach as a threat to the independence of the service vendors will receive. Forecasting commission rate wars and locally targeted marketing campaigns to win business, Blanchard believes that "... there is bound to be a bloodbath over the next two to three years while conglomerate professional ethics may take second place as the client/customer looks on and makes his or her choice."

reports offers of home loans as high as "3+1"—three times a husband's income plus his wife's income. As Blanchard says, apart from the immediate risks of over-commitment, if interest rates were to rise, "all interest rates well into the desire to start a family throws all such calculations out of the window when you may not even be able to afford the price of a cot."

So far, so bad

MARTIN CARLTON-SMITH, one of the earliest agents to bring London Docklands to home-buyers from outside the East End, adds a pleasing quote to the argument about whether the area has moved from being hard sold in its own right. One City broker and prospective buyer explained recently that he'd been drawn to Wapping because: "I can't go on commuting from Notting Hill."

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SPAIN, WHERE 50,000 foreigners a year buy properties has become part of the Common Market this year...

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marina, a little cul-de-sac of town houses has just been completed, selling at prices between £22,000 and £24,000...

had just invested in an apartment there. which they happily informed me, had "performed sufficiently well over the past year" for them to be considering further investment.

complex, has found favour with the yachting fraternity, wanting a house with a boat at the bottom of the garden.

Surrounded by olive groves and vineyards, a number of buildings plots are available for the construction of individually designed villas...

Real estate in Spain is still good value, says Cheryl Taylor, with the north-east coastline attracting the most attention.

Within a short drive of La Escala, there are ancient honey-stone villages, bright with flowers...

being marketed in the UK by Howard and Jane Taylor, International Property Investments (IPI), 34 Ship Street, Brighton, Sussex (0273 774088).

All moorings at Port Moxo and Santa Margarita are suitable for both motor and sailing yachts...

A full management and letting service is available through a subsidiary, Holiday Home Service, which also looks after a property while the owner is away...

A Spanish-Dutch partnership-known as ITP-Inversiones Transacciones Promociones-is building good, but affordable homes in the area.

At a location immediately by the sea is not essential, there are two other ITP developments nearby-At Gran Sol, there are 75 one, two and three bedroom apartments...

It was here, beneath the umbrella pines, that I met a City stockbroker and his wife from Guildford, Surrey, lunching outside the club house, overlooking the lake at a chip and a putt...

As existing landowners bemoan the slide in farmland values Humberts confirms that there is now a growing queue of buyers keen to take advantage of historically high comparative yields on land.

Close to the foothills of the Pyrenees, and overlooking the Bay of Rosas and the Mediterranean, in a place called Palau, Searle's latest development of individual villas is underway.

Paul Bolton operates a Catalonian property company-Woodside Europa-from her house in Theford Road, Ingham, Bury St. Edmunds, Suffolk, in association with her partner Christina Marques Williams who has an office in Bangor, and Rustic Corner in Barcelona.

ahead

far, bad

HOLLAND PARK Magnificent newly modernised news house greatly reduced for quick sale.

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rate leisure division of the firm, dealing with everything from theme park to slot machine arcades.

Fruits of speculation

JUST AS UK investors have been laying down farmland by motorways in the greenbelt in case planning policies are relaxed, so Savills' Washington office has been taking a view on the equally depressed US agricultural land market...

SIGNBOARD

Helsby (Washington DC, 429-0820) argues the investment case for these particular Californian acres as providing reasonable initial returns and long term capital potential.

Cottages take off

GEORGIANS are out English country cottages are in. And Hunting Gate's marketing chief John Duggan has the lead-words to prove it.

windows and a cottage style," says Hughes, who also reports that property traders like them as much as home buyers-at least when the cottages are in Docklands.

Prices of Hunting Gate's homes in Bepton, by the Royal Docks, have been increased by 27 per cent for one-bedroom, and 40 per cent for two-bedroom homes in the past 12 months...

PEERLAND - EUROVEST J.V. Houses of... distinction. Parliament, the Tate Gallery and the Thames...

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Lisa Wood looks at the economics of preparing a table for Christmas

Why turkey is still bird of the year

"At Christmas play and make good cheer. For Christmas comes but once a year."

Thomas Tusser 1524-1580 Five Hundred Points of Good Husbandry

WHILE CHRISTMAS in the 16th century was probably a fairly home-spun affair, today it is big business for Britain's food and drink manufacturers and retailers. The several weeks before the 25th account for the most hectic trading period of the year and the time when major retailers are most likely to beat Britain's Sunday trading laws.

Given the importance of the December trading period manufacturers and retailers in effect start planning for it from January 1. "We start in January by analysing what happened in the previous month and then move on to finalising our plans by the summer," said Tesco, one of Britain's major food and drink retailers.

Products aimed at the Christmas market, including many non-perishables and frozen items are brought into stores by late September and early October in a bid to encourage the shopper to spread his or her purchasing over as long a period as possible. This year, according to most retailers, Christmas purchasing has started slowly. However, the Retail Consortium, which represents the majority of British retailers, said: "Last year some retailers got very worried up to the three weeks before the 25th and they feared customers would not spend. But in the end it was a record trading period. The situation this year is not surprising. It is not an indication of imminent doom and gloom. People have to get into the mood for Christmas. In the early part of the trading period much depends on the weather and this year it has been mild.

Snow or frosty weather would give sales an immediate boost.

The importance of the period is illustrated by the fact that one major food and drink retailer reports that last year trade was up by an average of more than 20 per cent in the three months to the end of December compared with the preceding nine months.

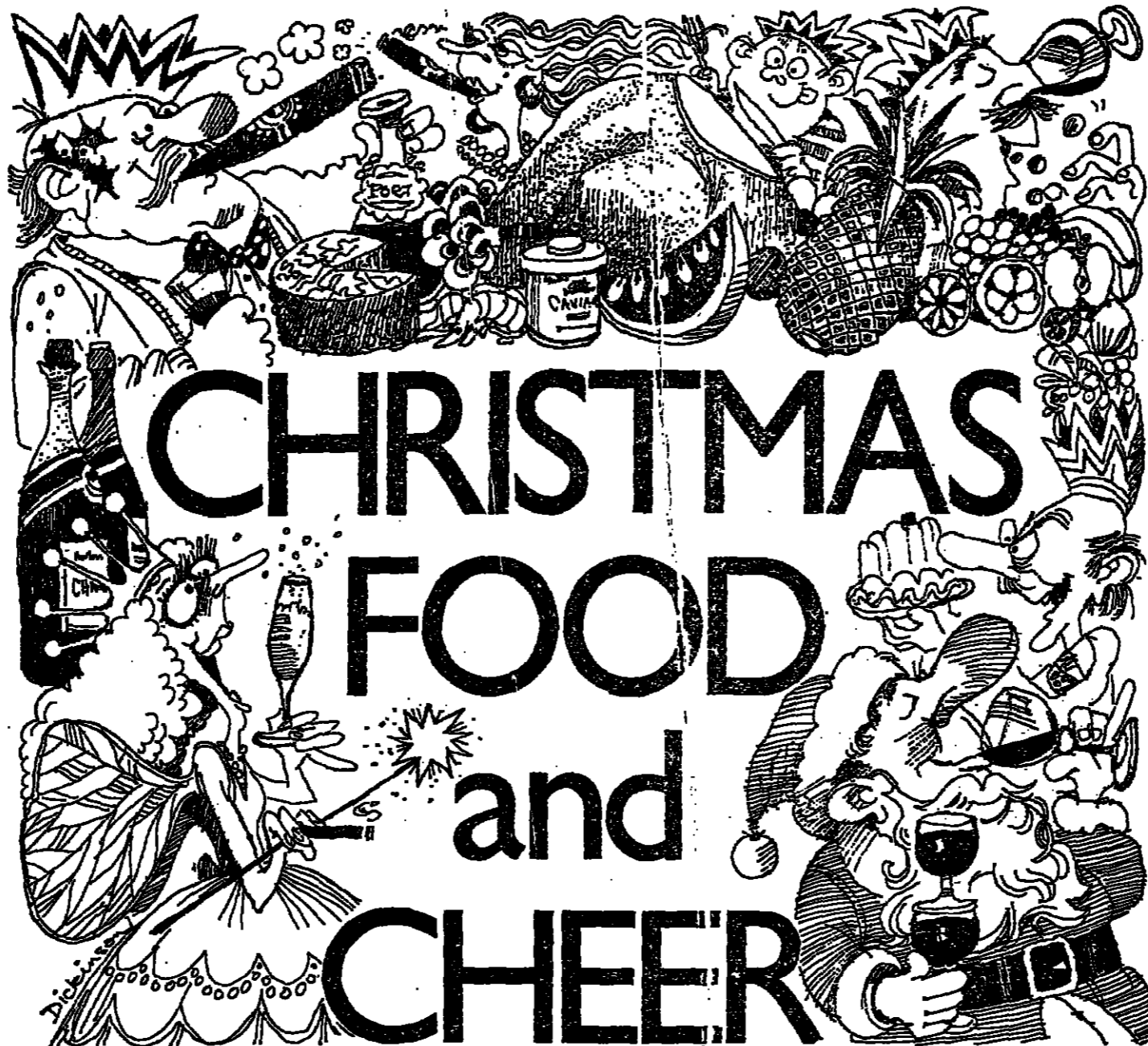
Cost-cutting and loss-leading among the supermarkets at Christmas is an old chestnut. But this year there appears to be less of the traditional clashes between manufacturers and retailers. The Co-op's Leo's supermarkets appear to be the only ones as yet to have supplies cut off by Martin and Athur Bell—for alleged loss-leading.

One major retailer said: "There appears to be less below-cost selling this year. Perhaps major retailers are trying to make a bit more money. Why? If we look at most of them they have very major investment programmes and in addition are trying to go down the route of offering quality purchases."

Given its trading importance research into just what people will want at Christmas is critical with careful investigation of trends such as smaller family units as well as healthier lifestyles.

But by all accounts Britain's food retailers reckon it is going to be a traditional Christmas. That is turkey, trimmings, Brussels sprouts, mince pies and Christmas pudding followed by a glass of port and indulgence in the newly-stocked drinks cupboard.

About 80 per cent of the population will be eating turkey on Christmas Day—and prob-



ably after—with many retailers selling birds as loss-leaders in their fight for the shopping basket. Frozen turkeys are being offered as low as 55p which is significantly lower than the wholesale price.

The majority of birds are frozen with the average price of a fresh bird being around £1.9 a pound although Marks and Spencer, with its high quality grading will be pricing birds at £1.19 a pound.

Most producers, according to Buxted Poultry, the Hillsdown Holdings subsidiary, have all their birds committed to suppliers. Approximately 10m birds, 30 per cent of annual production, will be eaten in the next month. It is a market which after showing strong growth since the 1960s has levelled out in the 1980s.

Although the quality and supplies of home-grown vegetables are looking good much still depends on the

weather between now and Christmas. According to the Fresh Fruit and Vegetable Information Bureau vegetables such as Brussels sprouts are likely to be in greater supply this year than last with a better taste too.

Prices of root vegetables such as carrots and parsnips should be stable according to the bureau which emphasises the quality of this year's crops. "Christmas may be an expensive time," the Bureau said "but this year fruit and vegetables will not be major adverse contributors to a growing budget."

The one exception may be nuts with the bureau reporting that prices could be higher than last year and supply not as abundant because of problems in producer countries. Sicily, a major supplier of hazelnuts, has lost more than 60 per cent of its crop because of a hot summer and little water. But Gill and Duffus

Landauer, the major importers of nuts, said: "that taking the whole gamut of walnuts, hazelnuts and almonds the supply position should be adequate although prices had risen in the past few months."

There is no shortage of Christmas puddings and while the British may be prepared to inject a bit of elbow grease into preparation, of the meat and vegetables the lure of ready-prepared puddings is one few can resist. Retailers, from Harrods to the Co-op offer their own special mixes, many of which proclaim their freedom from artificial additives and colourings. It is a sign of the times that the traditional style mince-wrapped pudding on offer at J. Sainsbury also carries a microwave instruction.

On offer on many dining tables, however, will be the alternative to the traditional mince with its lashing of brandy butter. Walls' Birds Eye, for example, now sells half its

ice cream and frozen dessert brands at Christmas with two new products. Charlotte Russe and Millicent Fenille, launched recently for the Christmas market.

The non-traditional flavour can be taken a little further when it comes to the Christmas cake. Those who find the English cake too rich could try the German version the "Stollen," a light loaf-shaped cake which contains almonds, currants, sultanas, raisins, lemon peel, candied peel, rosewater and spices.

Coming from Germany, the home of the "traditional" English Christmas of Christmas trees and holly the "Stollen" is just one of a growing range of special European delights. While many are available in major supermarkets the German Food Centre, in London's Knightsbridge, offers a wide Christmas selection including chocolate Christmas decorations and a gingerbread house.

Facing the great run-up

Peter Fort gives some tips for the festive season

A FEW years ago it was all the rage to grumble that Christmas was starting up earlier and earlier. Cards in the shops in September, Father Christmas in the toy department before Halloween — these were the horror stories. It all seems to have settled down now. Plenty of people still do their shopping shortly after returning from their summer holiday but we don't hear of anybody doing it before.

My wife always does it during, believing, so she claims, that trashy trinkets and boring daily necessities bought in the Marmouth supermarket in Macon make nicer present than the comparable article from Habitat or Woolworth. Somehow it seems more flattering to convey the tiny message: "I got this for you in Provence in August" rather than "I ran out and got this yesterday morning". If like me you are a devotee of the consumable present, one which doesn't hang about the house, subtly proclaiming that it was bought by a different hand from everything else, you can benefit from the holiday shopping habit.

Food bought abroad is by definition nicer and always cheaper and a tin of French baked beans makes a better present than the home kind. So here, even earlier than Father Christmas is Peter Fort's Christmas Tip No 1 for Christmas 1987. While on your summer holiday abroad (a car is pretty essential) drop into a supermarket and buy six tins of petit pois, six of artichoke bottoms, ditto of sardines in oil and ditto of cheap pate. Fill six boxes (or bags according to your taste — your own personalised contribution) with one of each and you have a thoughtful and very passable solution to the present problem for six people, who must not be members of the same family. Cost, minimal.

Yes, yes but what about Christmas food itself? In well regulated households puddings will have been made by Stir-up Sunday, whenever that may have been. Naturally, shop-bought mince-meat being an abhorrence, mince-meat will be made to store and mature ready for inserting in the piecrust later in December. And as the

voice of Paul Bocuse is heard louder and louder in the land, there will be no shortage of eager gourmets collecting their turkeys early so as to follow his grandfather's famous recipe which involves burying the creature in the garden for a couple of days to develop the flavour.

The fact is that it's not the fifth and compost that give it the flavour but the £100 worth of truffles that you are supposed to poke in here and there before interment.

Peter Fort's Christmas Tip No. 2 should be: Eat turkey on Christmas Day by all means. It is correct, almost obligatory and can be very nice if properly done. But do not eat it for a month and particularly do not eat it before Christmas comes. Save yourself for the big one.

But it is still only November, the time which sorts out the wise virgins from the foolish. Remember the wise old words of Confucius: "Man who is of Commerce should not be on seeing the Ziguarat of Christmas crackers in Sainsbury's in October must not be bitter when he races in on Christmas Eve and they've all gone and he has to go to Egg-roads instead."

And so to hampers. I have neither given nor received one in my long and gluttonous life. These seem to be some food products which only exist in what we may call "the hamper situation."

A kind of shortbread called Portcullis Tails comes to mind: also any kind of tinned or over-packed brandy butter. The ideal recipient seems to be an old person living alone who wants to have a protracted and soft-binge pseudo-luxuries.

The essential principle of the hamper (not of course the Gyndebourne hamper) is that it should contain a supply of nice things to eat, drink and cook with; they may be of piffling value and importance in themselves but you want them or need them and here they are all wrapped up together and the whole is much more than the sum of the parts.

If you are thinking of a Christmas hamper for anybody and don't fancy the off-the-peg solution, now is the time to put it together: you will be (essen-

Continued on Page XIV

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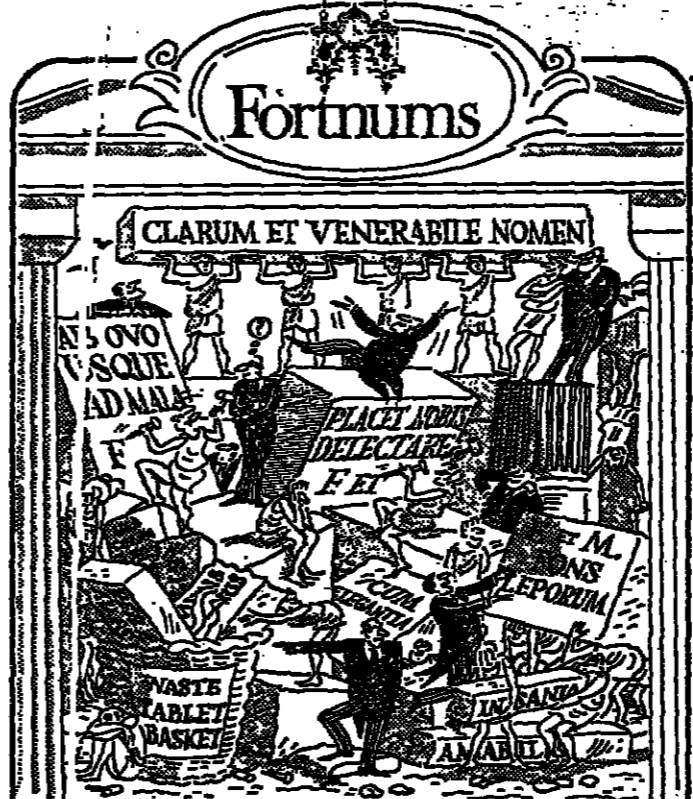
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Keep your pulses racing

THERE IS no shortage of alternatives. To start the day, for example, Tesco's Christmas press kit recommends a de-stabilising glass of Bucks Fizz made with its own-label champagne. Jordans, the health-foods manufacturer, suggests a dollop of Christmas frumenty—a fruity yule porridge based on brown rice, oats, cracked wheat and barley, fortified with a slug of brandy.

"This, Jordans says, will keep you going until dinner. The Tesco's heart-starter will probably only keep you going until the next glass.

However far apart these starting points may seem, there are forces at work which are bringing the multiple retailers and the suppliers of health foods together... at Christmas as much as at any other time of year.

It has recently become possible, particularly in London and the south-east of England, to come by any combination of "alternative" food and drink in virtually any large supermarket. The rationale is simple. There is a definite movement towards healthier eating. Surveys show that about 50 per cent of all women actively look in stores for foods which they perceive to be "healthy."

Since most women shoppers are responsible for a household, and therefore buy all the other products, the average supermarket displays, it is in the

store owners' interests to be sure to stock the type of food which will pull every potential customer past all the other shelves.

As a result, organic fruit and vegetables, free-range eggs and chickens, vegetarian ready-meals, milkless cheese and mysterious shops, once found only in curious nooks smelling of incense and wet goatskin jackets, are now available in pristine supermarkets alongside

You may now be asking "What's the alternative?" Chris Parkes offers advice

their more conventional parallels.

The Sainsbury chain, for example, has actually advertised certain stores as health food shops. It and its competitors have enjoyed a special game of follow-my-leader over the past few years.

The result is that the conscientious shopper can now easily find most of the ingredients required for a full-blown organic, free-range, additive-free blow-out at Christmas.

The number of people so wholeheartedly committed to whole food is still tiny, but the availability of alternatives, propaganda against sugar, animal fats, additives, colorants, the emergence of brands like Jordans, retail chains like Holland & Barrett, and attrac-

tive health food restaurants, have combined to tempt many consumers at least to sample some of the new offerings.

A scratch survey in a London supermarket last week revealed that about a third of the fresh chickens section in the meat department was filled with free-range birds, looking much the same as their captive cousins trussed up and trayed alongside, but costing about 30p a pound more.

A notice also proclaimed that orders were being taken for free-range turkeys, as well as geese and other feathered alternatives. Soya chipolatas to the trimmings nestled in appreciable quantities in the freezer cabinet.

The organic fruit and veg counter was a less spacious affair, but offered avocados, sweeds, lumpy carrots, potatoes, parsnips, oranges and several packs of Guatemalan mangetout peas which appeared to have slipped in from the exotics department next door.

Two years ago, none of these products would be so readily available to such a wide market. According to Peter Sagger, who runs Organic Farm Foods in Wales, the space will grow rapidly. At the moment, he

calculates, organically grown food—specifically designed as coming from farms which use crop rotations, farm manures and strictly no agricultural—accounts for less than 1 per cent of the total UK food market.

However, he claims: "There is no question at all, among multiples, the Ministry, and people like us that the market will grow to 7 per cent in five or six years."

Alternatives for the rest of the Christmas feast present no real problems. Sugar-free mince-meat, Christmas cakes and puddings are, after all, only refinements of some of the oldest and most wholesome recipes in the British kitchen.

Wholemeal flour, fan cases and quiches abound and most supermarkets stock wholemeal mince pies. For the ultra-purists, decaffeinated coffee and alcohol-free wine and beer are becoming commonplace.

Naturally, there is a price to be paid for combined intestinal and spiritual well-being. Half a dozen Tesco's wholemeal mince pies cost 20p more than the "normal" product.

Pure fruit juice costs more than squash and fizzy pop. Although there are some small gains to be made on alcohol-free wine, the main components of the alternative Christmas dinner are at least as expensive and mostly 30-50 per cent more costly than the conventional

CHRISTMAS REVELLERS in the round of parties, over-long lunches and family sessions around the television set in the festive fortnight consume an amount of alcohol equivalent to two bottles of spirits per adult.

Christmas is a frenzied period for alcohol sales and consumption with 40 per cent of the year's trading in wine and spirits in the 10 weeks to the end of December. For some products, such as port, Christmas sales are critical—more than 70 per cent of annual sales.

Advertising of brands reaches fever pitch as brand owners vie to catch the attention of the many infrequent tipplers for whom Christmas is the time to make the annual re-stocking of the drinks cabinet. And while supermarkets stock major brands in competition with the specialist off-licence chains it is a time when their own label drinks slip easily into the over-loaded Christmas trolley. Many consumers see supermarket's own label products as brands in themselves.

This is particularly prevalent in table wine with strong development of their own brands by supermarkets including J. Sainsbury, Waitrose, Tesco and Marks & Spencer. Alcoholic drinks, like turkeys, have traditionally been loss-leaders but this year it is believed the practice is not as rampant on the drinks shelves; but sales have begun slowly.

Few, however, could fail to notice the promotions with table wine retailers hoping that Christmas sales will make up for flagging sales in the summer when a fall in tourism

The battle of the bottles

and dull weather took the sparkle out of Britain's love affair with table wine. "On balance we shall do well to make a significant increase in sales over last year," said the Wine & Spirit Association. But Christmas sales should be good with consumers tending to trade up slightly.

William Teacher & Son, part of Allied Lyons which was the object of an unsuccessful bid by Elders DXL this year, has launched what is probably one of the largest consumer promotions in the trade around special promotions stock of Highland Cream, its major blended whisky brand. On offer

Lisa Wood reports as the liquor trade hopes to recoup on those poor summer sales

Among the most active promoters at Christmas are Britain's Scotch whisky distillers who are making big marketing efforts in a year when Guinness, in its take-over of Distillers, acquired the major Scotch whisky distiller, Whyte & Mackay, the Scotch whisky distillery owned by Lennox, took over some Distillers' brands when they were shed by Distillers and Guinness in order to get monopolies and mergers clearance. Whyte & Mackay is making a particularly strong marketing attack this Christmas with promotions including a gift pack which looks like a leather-bound book, containing an assortment of six miniatures of the company's whiskies.

is a holiday handbook plus a £30 Pickfords Travel voucher.

According to Wm Teacher, in making the redemption date the end of November, it has stolen for up to five years in wood before being bottled. "Christmas is critical for the trade," said Strachan.

According to Strachan, managing director of Mentionsdorff & Co, wine and spirit shippers, there has been a trend in Christmas gift packages away from spirits and more towards wine and port.

"There is now a lot of champagne given as business gifts or wines and a bottle of port," he says. I don't know whether it is over health or more that people are looking for something a bit different."

important time of the year for Original liqueurs with IDV's Walker's Irish Cream and Hiram Walker's Tia Maria well established favourites. However, there is a plethora of newer, lower strength brands battling for market share. These include Monterex, Kookiki, Bezique, Dakarti and Midori.

Primarily an after-dinner drink, port has suffered from changes in fashion and heavy competition from the liquor sector. Sales fell dramatically in the early 1980s. But Nicholas Strachan, chairman of the port shippers' committee of the Wine & Spirit Association, said port was making a comeback and there was optimism about Christmas sales.

Ruby port, with brands including Cockburn's Fine Old Ruby, still takes the largest section of the market but growth has come back—albeit from a much smaller base—at the premium end with vintage and late bottled vintage ports. The latter, much cheaper than the vintage product, are ports of a single year which are aged for up to five years in wood before being bottled.

"Christmas is critical for the trade," said Strachan. According to Strachan, managing director of Mentionsdorff & Co, wine and spirit shippers, there has been a trend in Christmas gift packages away from spirits and more towards wine and port.

"There is now a lot of champagne given as business gifts or wines and a bottle of port," he says. I don't know whether it is over health or more that people are looking for something a bit different."

Christmas is the most im-

Something better than just a hamper

IF YOU'RE looking for a hamper that is a bit special, that offers something other than the usual collection of tins and bottles, think about the FT hamper put together for our readers by Romilly Hobbs, who runs her own fine food store.

We start off by offering all the goodies in a beautiful claret-painted circular basket with strong rope-handles which we believe to be much prettier and much more useful than the conventional hamper. Long after the food has been eaten and forgotten the basket will go on looking beautiful—all it with flowers or fruit for decorative effect, use it for shopping.

Now to the contents. The new designed hamper, one essentially for those who liked eating, one for those who liked cooking. The cook's hamper included things hard to track down for those who don't happen to live near really good food stores (things like Hobbs' own sorrel sauce which can be used as it is with cold salmon, fish terrines or heated to be served with chicken or veal).

things like beautifully reduced veal stock, Hobbs' own mince-meat, Christmas pudding, winter branched fruits, and so on.

The Gourmet Hamper, designed more with those who prefer eating to cooking in mind, has food, equally delicious, but more readily accessible, less in need of a little culinary skill. Once again, though, many of the goodies are Hobbs' own label, produced either in its own kitchens or specially for it and as pure and free of additives as it is possible to be.

Both hampers cost £80 each (plus £5 for hand delivery in central London or £7.50 for postal delivery elsewhere in the UK). The last date by which orders must be received to be certain of delivery before Christmas is December 15. Send your cheque and orders to: Financial Times Hamper, Hobbs & Co, 39 South Audley Street, London W1.

The detailed contents of the hampers are listed far right.



Chloe Cheese

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200g (7oz) tea biscuits	21g (¾oz) Pink Peppercorns
454g (1lb) lemon curd	450g (1lb) Branded Fruits
250g (8½oz) Pickled Walnuts	113g (4oz) Piece of Parmesan Cheese
454g (1lb) Tomato and Red Pepper Relish	15g (½oz) Muslin Tea Bags
200g (7oz) Empire Mustard	1,350g (48oz) Christmas Pudding in reusable striped bowl
450g (1lb) Winter Branded Fruits	50cl (16½ fl oz) Hulle du Berry (first pressing walnut oil)
1,350g (48oz) Christmas pudding in reusable striped pottery bowl	305g (10½oz) Sorrel Sauce
113g (4oz) Salted Almonds	20ml (6 fl oz) Vanilla Essence
227g (8oz) Stem Ginger	200g (7oz) Fond de Veau Lie
320g (11oz) Jar of Pate maison Mince-meat	50g (1½ oz) Dried Mushrooms
85g (3oz) Chocolate Bars (two), Milk and Plain	113g (4oz) Chocolate coated organic segments
	227g (8oz) Stem Ginger
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And now, how to cook it; Philippa Davenport's Bakers Dozen books

ON THE "recipe" that readers about food can be almost as much fun as eating it, books about food and cooking make excellent presents for the greedy. And, to judge by the vast quantities of cookbooks that are published during the last quarter of the year, the Christmas present market must be the publishers' prime target.

I rate it as particularly good news that vegetable cookery is riding so high and that vegetarian cookery is at last coming of age, shaking off the dreaded "not a real cuisine" stigma. The New Vegetarian by Collier Spencer (Eim Tree Books £10.95) is subtitled "the ultimate guide to gourmet cooking and healthy living." I loathe the word gourmet and to call it the ultimate guide sounds a bit boastful, but it is a first-rate book which should prove appealing to omnivores and vegetarians alike.

The recipes sound enticingly fresh and unfussy, not at all stodgy, and the richness of touch is heightened by the delightful watercolour drawings that proliferate through the pages. The book ends with menus for festive occasions contributed by guest authors. Caroline Conran offers a Christmas celebration: herb salad with oyster mushrooms and poached eggs, Tamale pie, and a light last minute Christmas pudding accompanied by a deliciously alcoholic syllabub sorbet.

Caroline Waldegrave's The Healthy Gourmet (Griffin £8.95) is unparquet, thorough and immensely health conscious. She accuses herself of "committing a cardinal sin" in one recipe. The sin, it appears, is to use a small piece of bacon to season and grease some seafood kebabs during grilling. The bacon, she instructs, should be removed and discarded before serving. The recipes are classy, chic and

severe. Butter and cream do not feature in "heart calves' liver," which is lobster, scallops and real fudge a lot.

Cheffy apart, this year's crop of books on foreign cookery concentrates on countries where the traditional balance of ingredients used is healthy, places where meat is used sparingly and where vegetable oils are more consumed than animal fats.

Classic Indian Cooking by Julie Sahni (Dorling Kindersley £12.95) seems to cover a great deal with simple clarity that is very appealing. It makes mouth-watering reading, has no need of illustration and is blessedly free of them, having only a few charming woodcuts at chapter headings.

Japanese Cookery by Elizabeth Lambert Ortiz (Collins £9.95) ought to be a best seller. So much healthy raw food, and such elegant displays on the plate, surely make it the "in" food of the moment, but I have a sneaking feeling that many home cooks will share my feeling that Japanese food cannot be done proper justice in English domestic kitchens without detailed demonstrations to show us the way.

In contrast to this, I always feel wonderfully at home with Claudia Roden's cookery. Any book by Claudia Roden is a joy to read and she has a gift for making one feel eager and able to cook the dishes she describes, and hungry to eat them. Good news then that A New Book of Middle Eastern Food is now available in Penguin (£7.95).

I love Italian food and I love the Italian approach to cooking. It seems right that cooking should be thought of as a pleasure—a pleasure which culminates in sitting down to share the meal with family and friends—and I am very attracted by An Invitation To Italian Cooking by Antonio

Carluccio (Pavilion £14.95). This is a very "user friendly" book. One is greeted by the author's smiling face on the cover and told in the introduction: "I don't want to be dictatorial about my recipes. Use them as ideas and adapt them as you wish without deviating from the spirit of Italian cooking—using the freshest and best quality ingredients with minimum fuss and maximum flair."

Recipes include sweetbreads with lemon and capers, chicken livers with Marsala, duck with mango, marinated fish on a skewer, tagliatelle with globe artichokes, lamb casserole with chicory, carrot and coriander salad. Nothing pretentious, nothing outrageously different but all delicious, as are the photographs by Christine Hanscomb and the watercolours by Flo Bayley.

The French Menu Cookbook by Richard Olney (Dorling Kindersley £12.95) involves rather more work than I usually feel up to but it is a real treat of a book and I would be utterly delighted if someone would care to cook for me one of the menus of this highly individual cookery writer.

Much gentler, much more liveable with on a day to day basis are Frances Bissel's menus. Her delightful Book A Cook's Calendar is now available in Paperback at £5.95. I feel comforted and thrilled at the thought of cooking and dining on one of her winter menus. Warm quails' eggs and leek salad, artichoke risotto, and prune icecream perhaps. Or how about raw fish salad, pot roast partridges with gratin of potato and mushrooms, followed by baked peas with Roquefort. Lovely, but unusable.

The microwave, and the freezer seem to be taking a back seat this year, but there is one book on microwave cookery, Gourmet Microwave Cookery by Clare Ferguson

(Ebury Press £8.95), which is a cut above anything I've seen before. If I owned a microwave, I'd be tempted to buy this one.

Traditional fattening foods are also played down this year, but sweet-toothed fiends might be delighted to receive The National Trust Book of Traditional Puddings by Sara Paston-Williams (JPenguin, £2.95). Best of all books about traditional fattening foods is Michael Smith's Afternoon Tea (Macmillan, £9.95). A glorious book even for those, like me, who are not sweet-toothed. Any book by Michael Smith is good news and this is no exception. He covers the history, etiquette and techniques of tea and teamaking as well as offering recipes for every conceivable sort of sandwich, cake, biscuit and more. It is utterly beguiling reading, a book to read tucked up cozily in bed, or while you toast muffins in front of the fire.

Elizabeth David's An Omelette & A Glass of Wine (Penguin £5.95) is, on the other hand, a book I would most definitely buy for myself if no-one else thought of giving it to me. There is only one Elizabeth David; no other food and cookery writer is in quite the same class.

Finally, my surprise book of the year, An Innocent Delight, subtitled the art of dining, by Tony Simpson (Hodder & Stoughton £10.95). This is a gentle and charming book by a New Zealander who is a social historian by profession. Quiet and personal, with nice moments of wit, it is a very readable book and contains some very good recipes. Handsomely produced, unpretentious in style, and simply illustrated by a few Bewick woodcuts, I find it a deliciously restful book—and unusual and rather special for that very reason.

that ingredient) fairly leisured about it and the routinely Christmas solutions will not so readily present themselves. So what else must we do now? We must order our oysters by post if we are having them. Minimum 100 but it is easy to get through 100 when you think about it. Order from Starfish of Ipswich (0473 626662), they come from Newmarket in Ulster and arrive rather thrillingly by Securicor. Think about your wine needs and get them ordered up (you always need more than you think you will). If you do your own character, do it now. If you know that you are going to fall back on restaurants at some point, book them now and

everyone will be glad. I cannot help feeling that rather than cooking your own ham and serving it up with shop-bought pickles it is better to buy the ham and make your own pickles and chutney. They are quite easy to make and afford ample scope for self-expression within the bounds of acceptability. Oh, and another thing. Christmas is a time when a lot of food has to be moved from A

to B. Now is the time to check that there are enough decent containers. The apparent worth and acceptability of a Christmas pudding, a cold duck, a game pie are very much affected by how they are put up and a few bob spent on the right bowls, boxes and bags now will greatly add to your confidence when the deadline looms. After this little burst of activity with a month to spare, you may face the Christmas run-

up with equanimity. It may well be the ideal time to go on a diet. This provides a good excuse to steer clear of all those office Christmas lunches or at any rate the relentless supply of turkey meat they involve. I always try to go as lightly as possible through December because on New Year's Eve custom requires that I put on the dinner jacket; my mother gave me when I was 21. No amount of dieting will get me down to my 21-year-old dimensions but some sort of effort is worthwhile and the Christmas excesses are piled into a skinnier frame. Everyone else will be dieting after Christmas. Why not steal a march?

Continued from Page XII

The great run-up

£12.95

A special report from Frank Gray, our man in Havanas

Aristocrats in a humidior

LEFT TO RIGHT, dark to light, observed Simon Chase of cigar importers...

extreme cases, closet-sized cedar cabinets holding several thousand. The wine analogy does not end with the aesthetics of the product itself...

or 50—known in the trade as a "cabinet selection" cigar—are the best indicator of quality because of the choice of tobacco. Such cigars have a longer shelf life...



What do you mean, I look prosperous? I am prosperous

Smoking sense

"FUMAR DANA SU SALUD" Smoking endangers your health... Dr. E. Schneider, a partner in the Basile-based House of Davidoff adds: "Our philosophy is quite clear—we ask the smokers to smoke less, but the best, and consciously with pleasure..."

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Central Cuba. Davidoff, now approaching 80, must have got it right, for he received the rare accolade in the 1960s...

"We quarrelled about Havana—we fought, o'er a good cheroot, and she says I am a brute."

Dunhill, remarkable for its 300-odd, numbered, cedar storage closets for its customers.

"Open the old cigar box—let me consider anew—Old friends, and who is Maggie that I should abandon you?"

Varadero, Estipandos and the mighty 3 1/2 inch Havana Club, which rivals the Dom Perignon in size and price.

When the House of Davidoff opened its exclusive cigar shop in London's St. James's Street in 1980...

Sothebys will feature on December 3 an auction displaying a small but impressive selection of pre-Castro Havana cigars.

Port & Stilton £19.20 Includes UK, C&D, VAT, postage, please add £1.00.

by thousands of mainly women cigar makers in central Havana, not to mention the popular Macanudos, Temple Halls and Royal Jamaicas...

"A million surplus Maggies are willing to bear the yoke; And a woman is only a woman, but a good cigar is a smoke."

Loonsdales, Clemenceaus and Princes of Wales. Pretenders to the Cuban throne find their way on to the marketplace as well, though, by agreement among importers, not in London.

It takes a keen-eyed observer perusing the shelves of duty free shops to spot the difference—that is, their labels will not say "Made in Havana" nor will the box bear the inimitable green Cuban Government seal.

In such a business, anecdotes abound. John Croley of merchants Robert Lewis reminds the visitor that Edward VIII, who preferred Montecristos and Santa Damjanas, a now discontinued brand, ceased ordering cigars after his abdication.

As for the most famous cigar smoker of them all, the question arises, did he smoke the cigars that bear his name?

According to Croley, Churchill open his first account at Robert Lewis on August 9 1900 and ordered a box of 50 Back Giraides, a small Havana cigar.

DAVID J. WATT (FINE WINES) LTD. SPECIALIST IN CLARET. Please send for our current "Special Offer" list of bargains.

smoker of them all, the question arises, did he smoke the cigars that bear his name? According to Croley, Churchill open his first account at Robert Lewis on August 9 1900 and ordered a box of 50 Back Giraides, a small Havana cigar.

When the issue of Sir Winston's taste for Romeo y Julieta arises, Knight Brothers importers are quick off the mark with a letter from Miss Doreen Pugh, Sir Winston's private secretary.

On behalf of Knight Brothers, Robert Lewis carried out the instruction, with a delivery of 25 For Larranagas to Winston Spencer Churchill, now an MP but then a foreign correspondent.

Also on offer is a box of 50 Don Candid Petit Loonsdales "believed to have been produced in 1959" with an initial asking price of £110-140.

Quotations from The Secretariat from Kipling's Departmental Duties (1899).

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Rebuilding Philip

GOLD AND BONES are the spectacular centrepiece of the museum at Thessaloniki. Do they belong to Philip II, King of Macedonia 359-336BC and father of Alexander the Great? Forensic science suggests there is a strong chance they do. But even if it was only a relation whose remains were found at Vergina in 1977, the treasures of Macedonia are a revelation. For a change from the sights—and crowds—of Athens, and an easy stop-over on the way to London, go to Thessaloniki.

When I first went 21 years ago the museum was almost bare. Its highlight was some Cretan vases the Customs had caught being smuggled out of Greece. They are gone now. Instead there is a cornucopia of treasures and history from systematic excavations, notably by Professor Manolis Andronikos at Vergina on the west edge of the Macedonian plain, and from rescue digs near Thessaloniki.

Thessaloniki, a city of the Macedonian expansion founded in the late 4th century, grew rich on Hellenistic and Roman commerce. It is the Aegean gateway to Central Europe and on the road—the Via Egnatia—from Rome to Constantinople. Its Roman and Byzantine architecture is superb and, as the second city of the Byzantine Empire, the city prospered until sacked by the Saracens in 904. Today as the second city of Greece it is lively and independent, and has good food.

The birth of the city came at the end of a remarkable half century. Philip II had united Macedonia and joined it with the rest of Greece. He espoused Greek culture and hired Aristotle to tutor Alexander. He had taken the Pangaion gold mines in Thrace, which produced 1,000 talents a year—many millions of dollars at today's prices.

The gold meant new money and new power, a display as sudden as those of the American robber barons. But as we can see in the museum, the Macedonians chose to bury it. What a distressing use!

The museum treasures are in three main groups. Those from 6th- and 5th-century graves at Sindos, 23km west of Thessaloniki, show there were riches. Maenads in a Bacchic rout surround the main scene, which is one of—I think temporary—repose. Ariadne in diaphanous dress sits with her right arm up; is she waiting to embrace Dionysos? He leans back, with



The reconstructed face of King Philip

Society may have been similar in both places: not yet really settled and compulsive to bury the disposable wealth.

The krater from Derveni east of Thessaloniki is a huge 3 ft high bronze mixing bowl for wine and water. Its elaborate modelling is a hymn to Dionysos, the mighty god of wine, sap and all that is vital. The vase shows wine skins, animals, grapes and serpents. Silent and Maenads in a Bacchic rout surround the main scene, which is one of—I think temporary—repose. Ariadne in diaphanous dress sits with her right arm up; is she waiting to embrace Dionysos? He leans back, with

a hand on his head. His leg hangs over her thigh between her legs.

Vergina is the crown, and the main chamber of Tomb 2, with the cremated remains of a member of the royal family, is the crown jewel. You cannot imagine how rich, elegant and pleasurable the grave goods are until you see them. Silver and bronze vases make sets for symposia (drinking parties). His armour includes a ceremonial ivory shield; an iron helmet; iron body armour with gold binding and buckles; an iron sword with gold palmette; and gilt bronze greaves (leggings). There is a cloth of gold

and purple. The miniature ivory heads—ornaments on the wooden couch in the tomb—opened a new chapter in the history of Greek portraiture. One of these heads is a bearded man with a scar above his right eye, probably Philip.

Debate began as soon as the tomb was found whether it really was his. Scarce Athenian pottery found suggested the date did not fit, but three years ago the team of John Prag (archaeologist), Richard Neave (medical artist) and Jonathan Musgrave (anatomist) produced a startling solution, by reconstructing the skull.

We knew from the historians that Philip lost his right eye in battle in 354BC. He was inspecting siege engines at the siege of Methone when an arrow hit him. It would have been painful and distressing, but it did not kill him.

The team began with the bones. They had been cremated at 900°C, perhaps in the first modern-style crematorium oven rather than on an open pre-allowance was made for heat shrinkage, but that probably did not change the bones' look. On the right cheek bone were traces of a healed fracture, with a nick there and in the upper jaw bone. There had been realignment of the chin—chewing had changed—and regrowth of the lower jaw. It pointed to an awful glancing blow several years before death.

The next step was to reconstruct the skull. This is not a random technique. It has an excellent chance of producing a good likeness of the subject in life. Casts were made. They began to build up the soft tissue in plaster, using as guide standard tables of soft tissue thickness made in New Mexico. That removed the temptation to sculpt.

The result was a man with considerable facial damage (masked by his beard), with a shut eye where scar tissue had formed over the socket and a wound which had gone to the bone. The bones had suggested a man 35-55 years old at death. Philip II died at 46, and was 38 when shot.

The reconstruction is surprisingly close to the ancient portraits of Philip, especially the ivory miniature in the tomb with its wound and a startling difference between its right and left cheeks. It is a powerful contemporary picture of a powerful man.

Philip was assassinated when preparing to lead an army against Persia. Alexander went instead. The rest is ancient history. For his exploits, read Robin Lane Fox's *Alexander the Great*. For Philip, go to north Greece.

Gerald Cadogan

Collecting Dramatic findings

Janet Marsh looks at the excitement created in Shakespearean circles by an old vellum notebook.

for a set of theatrical prints of *The Giant Horse*; or, *The Siege of Troy*, produced at Astley's Amphitheatre, Westminster Bridge Road, London, in 1833.

Seis of prints of this kind—grandiloquently known as The Juvenile Drama—were originally produced as theatrical souvenirs; but by this time were intended to be coloured, and cut out for performance in elaborate model theatres.

The prints were made with the collaboration of the theatre proprietors—this series about that they are "by the sanction of Mr Ducrow"—and were often published within days of the production. The artists certainly made their drawings in the theatres, probably at rehearsals.

The *Giant Horse* is particularly curious as an example of that singular phenomenon of the Romantic theatre, the "hippodrama," which was the invention and speciality of Astley's. Originally a pure circus, in time a proscenium stage was annexed to Astley's sawdust ring to present dramatic pieces designed to show off the equestrian stars of the establishment.

Astley's successor, and the beau ideal of equestrian performers, was Andrew Ducrow. His major successes were *The Battle of Waterloo* and *Mazeppa*; and, inevitably, in *The Giant Horse* he played Paris—who was somewhat insouciantly accredited to the Grecian army. The guiding aesthetic principle at Astley's was "cut the cackle and come to the 'ess." Characteristically, the text of *The*

Giant Horse was brief and fatuous, with verse in the manner of

*Sound loud your trampets and drums
The mighty Grecian conqueror comes.*

The words, however, were secondary to the spectacular scenic effects captured so vividly in Cruikshank's miniature reproduction.

The discovery of these drawings is in its small way as historic as the Shakespearean notebook. It was known that the Juvenile Drama publishers employed both George and Robert Cruikshank; but the prints are generally unsigned, and it has hitherto been possible only to guess—from the general style and the crazed and beady eyes favoured by both brothers—which prints were their work. These drawings, clearly signed, are the first firm evidence of Robert's work on a particular play.

Remarkably, more than 150 years after Cruikshank designed them, the engravings of *The Giant Horse* are once more in print. The series, complete with playbook and a scholarly commentary on the play and the publisher, was re-issued last year by Pollocks toy shop in Scala St, London, in a limited edition of 500, at £7.50.

The reprinted sheets have been slightly enlarged, so that they can be used on Pollocks' own model theatres (reproductions of originals from the 1860s). So, for the mere price of a theatre seat (but quite a lot of labour in colouring and cutting out) it is possible to recreate in miniature one of the more eccentric amusements of Georgian London. Cruikshank's originals will cost rather more, taking into account their rarity and interest to circus collectors, Sotheby's has estimated them at £7,000-£10,000 for the group.



In Stitches Off the shelf knitting

MY COOKERY book shelf fell down last week overburdened with international cuisine, Creative Cakes, Pasta Classics and mungy Minceur were thrown everywhere, and like old newspapers when you are trying to wrap something in a hurry, the articles and pictures demanded instant attention. There I was, Elizabeth David's encounter with a "daube" in France, browsing through glossy food photos, and discovering the ethnic origins of rice pudding—and I don't even cook nowadays.

I took up knitting instead, which is just the same really. You choose the ingredients to suit yourself or the person it is for. You struggle with the challenges of new patterns, stitches, techniques and tools, and if you manage to assemble the right things successfully you have created something to enjoy. Most of the fun, though, is in the planning, the mustering and the reading about it all in the fantasy books that inspire you, but which you never actually use; the times about technique that you plan to read tomorrow, and the designer titles—the people who take the raw materials and wreak magic while telling you how simple it all is.

Karen Elder starts an occasional series on various aspects of needlework

However, the cascading cookery books brought to my notice the precariousness of the knitting shelf too, so before fixtures fatigue set in I weeded out the books that claimed to make me a "truly creative person in five easy lessons."

Then out went anything that even hinted that knitting was about thrift. It isn't. Knit yourself an elegant wardrobe for £29.95 is a con. What was left made good reading, good knitting, and plenty of good dreaming.

My all-time favourite is Kaffe Fassett's *Glorious Knitting*. It is the most beautiful book on this subject I have seen, full of delicious photographs by Steve Lovi. Kaffe is not only a brilliant designer, but also writes with such ease that even quite complicated ideas about colour and inspiration are put across with enviable clarity. Colour is the overriding factor for him. Marion Foale, however, has gone for full black and white in her book *Classic Knitwear*. Cut and style are all, and the designs, the pictures, the graphics and the atmosphere they achieve give me so much pleasure. The simple classic clothes transcend fashion and are the ultimate in understated chic.

There are lots of books on technique, and everyone has their guru. For me, Mary Thomas's *straightforward Knitting Book* says it all. First published in 1938 when books tended to cover a whole subject, it includes an illuminating chapter that traces the craft back to its Eastern roots. It has old-fashioned charm and values, and humorous little drawings that make me laugh.

For the *Vogue Dictionary of Stitches*, Anne Matthews has made a careful selection, and the subtle colours used for the samples make it a pleasure to consult. The *Harmony Guide to Knitting Stitches* is good too, and has very few overlaps with *Vogue*. The magazine format is a bit fimsy for my taste, but at £2.95 it is good value.

If you are a really serious knitter, the *American Treasury of Knitting Patterns* by Barbara Walker, containing over 500 stitch examples with derivations and snippets of history, could become your Mrs Beeton. After publication so many people sent her stitches they had invented that a *Second Treasury* was added.

Knitting for the family promises to be well catered for in the little paperback editions of the *Vogue Knitting Library* by Christina Probert. So far we have *Classic Knits*, *Cotton and Silk Knits*, *Knitting for men and children* will complete the series. All the patterns were originally published in *Vogue*, but had been adjusted to modern yarns and styles. It is good to see knitting that is invaluable for making things to actually wear.

Knitting for presents is an excuse to buy kids knits by Lesley Ann Price. It has old-fashioned charm with lovely pictures of children. I plan to make for children. I know, and an adorable family of teddies that I want for myself.

Jonathan Sale

Saleroom

Valuable signs of the times

Autograph-hunting may be a good investment Vivienne Ayers finds.

WHEN Oliver Cromwell signed a letter to his cousin Anne in 1649, he would not have believed that in 1988 such a simple stroke of pen would be worth £2,500. Nor would the poet Shelley have expected his letter written to John Williams in 1812 to be worth £5,500 nearly 175 years later.

Autographs, like stamps, traditionally more a hobby than an investment, are now making money for collectors. Over a 10-year period the value can go up considerably. For example, in 1976 a letter signed by Winston Churchill was worth £120 but now cost £750 and a document signed by Queen Elizabeth I would have cost £1,500 but is currently worth £5,500.

Similarly, a letter written by Charles Darwin would have cost £150 10 years ago but is now worth £1,250 and a letter with Lord Byron's signature has increased in value from £500 to £3,000. The value can go up as much as 10 times—a letter from Einstein which was worth £75 in 1975 would now be worth £750.

With prices for autographs ranging from £20 to £5,500, the collector can invest as much or as little as he or she wishes.

Various factors determine the value of an autograph. A signature on an interesting document or a letter written in the hand of a famous person is worth more than a signature alone.

But the content is also important—a letter written by Charles Dickens outlining his new novel *David Copperfield*, would be worth more than an acceptance to a friend's dinner party.

The age of a signature also

contributes to its value—the older it is the more money it is likely to realise. The earliest autographs available date from 1300 and tend to be on deeds or documents rather than personal letters.

Demand for certain autographs boosts the price. The signatures of Elizabeth I and Mary Queen of Scots are very popular and as a result are worth thousands of pounds.

Popular areas for collectors include royal documents, literature and music (with the exception of most pop groups) and autographs which fall into these categories usually cost more than in other areas. However, it is possible to find interesting items at the lower end of the price range—a letter from Richard Crompton written in 1946 discusses criticism of a "Just William" series on the radio but costs as little as £40.

Useful addresses: John Wilson (Autographs) Ltd, 50 Acce End Street, Eynsham, Oxford OX8 1PD. Telephone (0865) 880883; The Antiquarian Booksellers Association, 26 Charing Cross Road, London WC1.

Why interest is flagging

COMMANDER Bruce Nicolls is the Flag Man. He doesn't just fly the flag, or hoist it up the flagpole to see who salutes, but he designs it as well. He has created flags for individuals, for companies such as CU Pontoons, for Bideford Council. He would like to tinker with the Union Jack, which he reckons is not quite right.

Bruce Nicolls, retired from the Royal Navy, has already taken the flag of one state back to the drawing-board. The word got about in vexillological (flag-studying) circles that Guernsey was in the market for a replacement to its existing flag, which was a dead ringer for the St George's Cross of England. He submitted his design and Guernsey accepted the new-look version.

For him, as for the British Empire, trade follows the flag. Customers are asked "What are your favourite colours?" and "Would you like to use an animal symbol? Please state if 'lion, stag, eagle or fish.' Creating a personal design might cost £25, the same again for manufacture.

By re-vamping the Guernsey standard, the Commander has made out-dated the relevant half-page in *The Orbis Encyclopedia of Flags & Coats of Arms* (out this week at £4.95). Edited by his colleague at the Flag Institute, William Crompton, this is a brightly-coloured guide to the sometimes bizarre emblems which the nations of the world have selected.

It offered to an art gallery,



some of the flags would never be hung on the wall. Libya's, a simple slab of green, has passed about 1983. Bangladesh's, the same apart from a red disk in the centre, would have been avant-garde, but not after 1967. Benin (with which you may not be instantly familiar, was originally Dahomey, of which you may also not have heard) boasts a solid green background with a red star top left, giving the appearance of a snooker table sent via British Rail.

Algeria too plunged for a star but added a crescent moon by way of variety, as did the Republic of Comoros, which went on to bump up the stellar total to four. Mauritania's moon reclining on its back below a single star, looks like a vast, grinning Cheshire cat. The nine stars of the Azores might have

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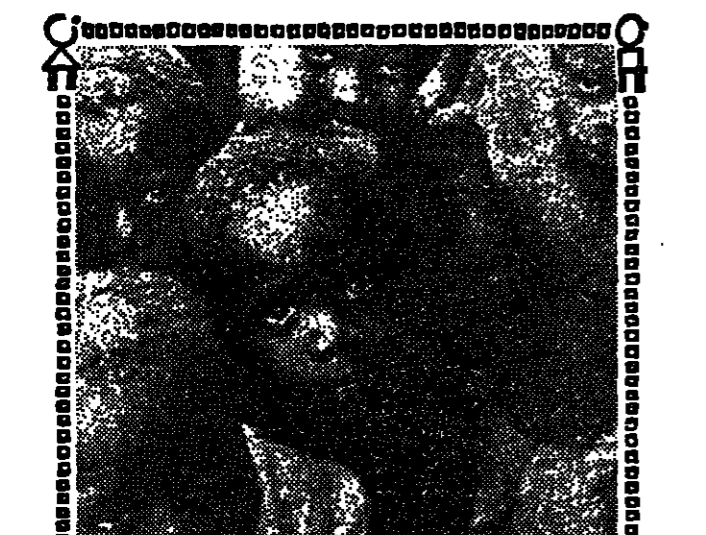
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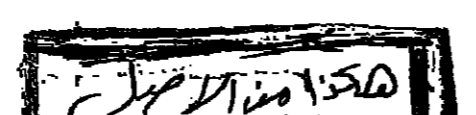
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DIVERSIONS

Catalogues can be a Christmas shopper's delight

Gifts can do the walking

Off the shelf knitting

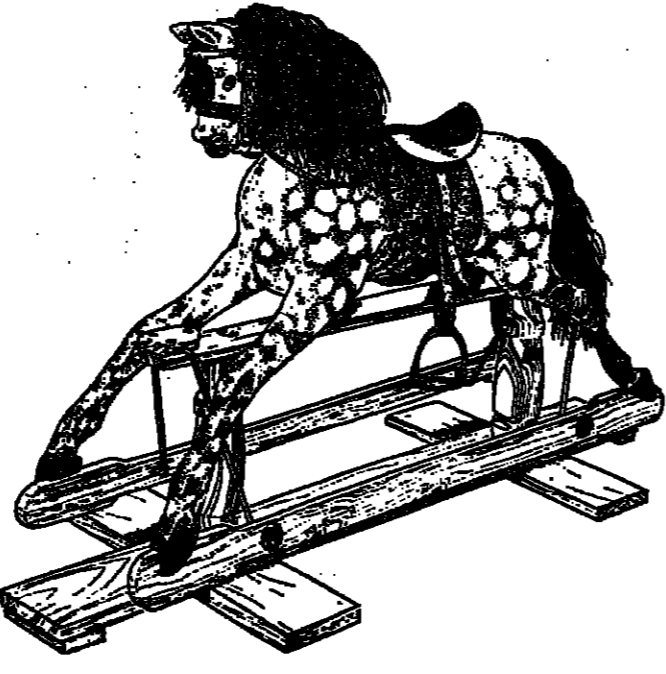


everything the shop sells that can be personalised... from cushions applied with the loved-one's name (£13.50) to kit-bags and boxes of pencils, from hairbrushes to mugs and boxes.

THE GIFT CATALOGUE, Lion-keen Ltd, Pudding Lane, Rolovenden, Nr Cranbrook, Kent TN17 4JY (24-hour answering service on 0580 240211). Free Packed with presents of every sort from the truly desirable to those you sincerely hope never to be given.

THE GENERAL Trading Company, 144 Sloane Street, London SW1X 9BL (Tel 01-730 0411). £1 refundable on first purchase over £100.

FROG HOLLOW, 15, Victoria Grove, London, W8. Tel 01-581 5163. Free but send a sae. Frog Hollow is a small but charming shop just off the Gloucester Rd.



Exact copy of a Victorian wooden horse. 30 in. high, 4 1/2 ft. long, £365 (p and p £16) from Tridias!

your Christmas present list then this is the catalogue for you. Lots to keep them happy and amused, from pens and crayons to outdoor swings and slides.

TRIDIAS! 124 Walcot Street, Bath BA1 5BG. (Tel 0225 69485). Classic little catalogue for the tiny stocking presents as well as the bigger toys.

THE COUNTRY GARDEN, PO Box 286, Langley House, China Lane, Manchester, M60 1JW (Tel: 061-228 7471). Packed with presents for everybody but with a heavy emphasis on the gardening fraternity who must surely always be in need of another urn or two.

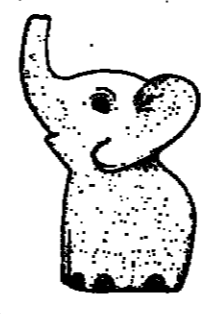
MORE original, one-off, hand-made presents can be found next Saturday and Sunday at a Crafts Fair being held in aid of The Richmond Fellowship at 8 Addison Road, London, W14. There's a £2 admission fee (£1 for children, students and OAPs), doors are open on both days from 11 am to 5 pm, and you will be able to choose from pottery, quilting, lithographs, prints, jewellery, toys, designer knitwear, glass and a host of other ideas.



Kit or shoe bag, personalised to order, £8.25 (p+p 75p) from Frog Hollow



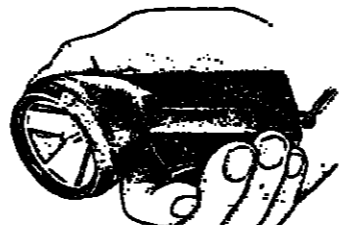
Replica of a blue Egyptian cat. 9.5 cm high, glazed earthenware. £8 from The Gift Catalogue



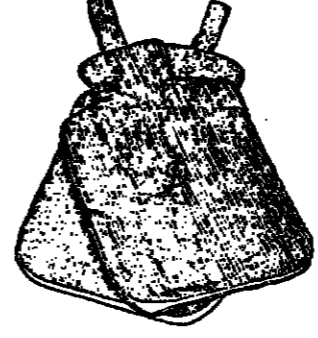
Elephant pencil top, one of a pack of 10 different animal tops for £2.45, from Tridias!



Bootscraper for the green Wellie set, wrought-iron at the side, brush in the middle. £49.75 from The Country Garden



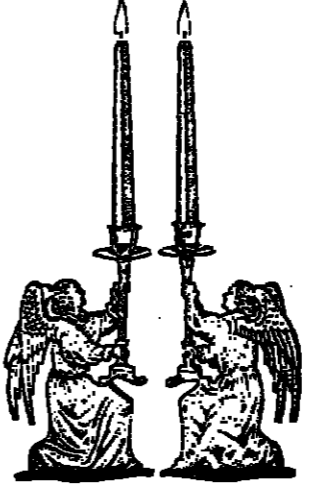
Dynamo Flashlight, needs no batteries, just 3 1/2 in long, £3.99 from Stockingfills



Striped seersucker hot water bottle cover, lined. £10.50, including single initial, from Eximious



Small set of four dictionaries for the travelling classes. Buffalo covers. £40 (p+p £5) from Asprey



Brass angel candlesticks, 25 cm high. £9.50 each from The General Trading Co

It's a cracker



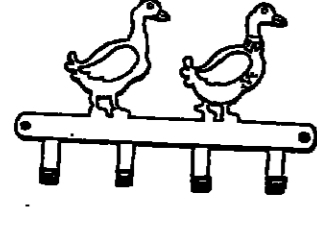
COMPLETELY Crackers, 37a Walbrook, London EC4N 8 BS (tel. 01-536-2117). If you don't like any of the commercial crackers on sale or don't fancy the usual cheap and nasty little presents inside them, Completely Crackers offers what you might call a bespoke cracker.

Community fair

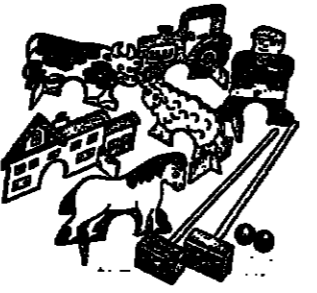
If you're looking for something special for your nearest-and-dearest, something a little off-the-beaten track, not part of the whole mass-produced commercialised merry-go-round then you might look in on next week's Boutique de Noel.

Under the hammer

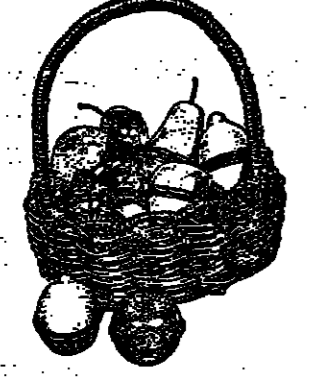
IF YOU don't fancy trailing to 7 pm), Wednesday (9 am to 8 pm) and Thursday (10 am to 2 pm). The sale itself starts at 6 pm and you can order a catalogue by post for £2.50 from Bonhams, Montpelier Galleries, Montpelier Street, London, SW7 1TH.



Left: Brass duckhooks from The General Trading Company, £8.50 the pair



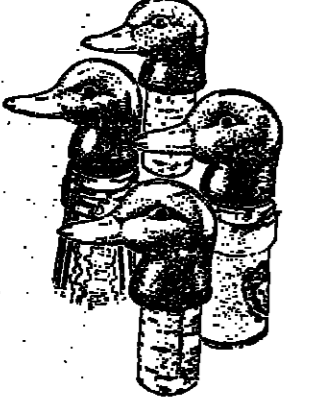
Right: Indoor farm croquet for children—wooden pieces, £8.99 from Early Learning Centres



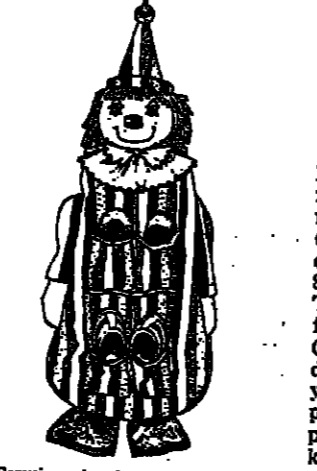
Left: Little fruit-shaped enameled boxes, copies of 18th century boubonnières, £39 or £55 each from Raleyon Days



Right: Waterproof nylon tennis bag with separate section for balls, shoes and clothes. £23 from Eximious (initials extra)



Left: Duck-headed umbrellas from Convent Garden General Store, 107-115 Long Acre, London WC2. From a selection from £9.95 (p+p £2.50). Tel 01-240 0332.



Right: Stow shoes away tidily in this Clown shoe caddy, 3 ft high, holds 4 pairs of shoes, £5.99 from Stockingfills

Cooking

Fish that will create a stir

COD, sole and salmon are stalwarts of British cookery but there are ways in which they can take on a fresh appeal. Cod, for instance, seems far from commonplace when given the aroma of ginger and treated to stir-frying; sole is a revelation when simply steamed instead of being richly sauced; and leftover scraps of cold cooked salmon take on an elegant new lease of life when partnered with ribbons of sharp sorrel and used to dress a dish of buttery pasta.



Anna Morrow

FISHY STIR-FRY (serves 3-4) Monkfish is an excellent (albeit more expensive) alternative to cod for this dish, which must be made with firm-textured fish or it will fall apart during stir-frying.

Toast the sesame seeds in a wok and add the very finely chopped ginger. When ready to cook, drain the marinade liquid off the fish and add it to the bowl of spring onions. Heat the oil and ginger, then stir-fry the green pepper and mangetout for 30-45 seconds.

BACHELOR'S SOLE (serves 1) This is fast food par excellence, a delicious and effortless meal that requires no cooking skills—just the assembly of good ingredients. 1 fresh Dover or lemon sole; butter; half a lemon; water-cress; salt and freshly ground black pepper.

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Phillips KENT Contents for sale by Auction SHEPHERDS, CRANBROOK, KENT. Wednesday 10 December 1986 at 10.30 am Viewing: preceding Friday, 1pm-4pm, Saturday, 10am-4pm and Monday, 10am-4pm. Catalogue: £2.50 (£3 by post). Admission by catalogue only (catalogue admits bidders). Enquiries: Michael Shortall. Phillips, 11 Bayle Parade, Folkestone, Kent CT20 1SQ. Tel: 0303 45555

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L.v.d.P.

IN THE year of Big Bang, my choice is Ken Auletta's Greed and Glory on Wall Street: The Fall of the House of Lehman (Random House, \$18.95). It is a remarkably frank and absorbing account of the power struggle between two men at the top of Lehman Brothers...

prose. He aimed to do in non-fiction what Balzac did in the novel and, in the opinion of this reviewer, came near to succeeding. GEOFFREY MOORE

which would have come as a great surprise to hundreds of ladies. Sunflower, a unique way to celebrate a sexual defeat, is edited by Victoria Glendinning. It contains lifelike portraits of Boudier, Law, Wells, Lloyd George, and of course the protagonists. Those who knew them, and many others, will find it of absorbing interest.

What adds particular interest to the story is that it was also a battle between two financial cultures - Peterson, the prudent investment banker, as opposed to Glucksmann, the aggressive trader. Peterson represented the traditional values of banking, while Glucksmann was a product of the newer deregulated markets...

AMONG NOVELS, my first choice goes unhesitatingly to Staring at the Sun by Julian Barnes (Jonathan Cape, £9.95). It is a brilliantly clever performance, totally unlike its predecessor, Flaubert's Parrot...

ONCE CALLED loafers or the idle poor, unemployed people were an early spin-off of industrial growth. The concept of "unemployment" as a distinct problem, however, did not enter the language of social and government concern until the 1880s...

BIographies I find as a rule rather more interesting than modern fiction; and this year I have enjoyed a book that contains a particularly vivid portrait of a little-known heir to the British throne, Henry, Prince of Wales and England's Lost Renaissance by Roy Strong (Thames and Hudson, £12.95). Clearly the Prince, who died in 1612 at the age of 18, was an exceptionally promising and gifted youth...

Among biographies, I particularly liked a new study of Jules Barbey d'Aurevilly, Talon Rouge, by Arnaud de Liedekerke (Oliver Oban, Paris, FFR 95.00). This is a memorable portrait, not so much of the writer, but of Barbey d'Aurevilly as "le dandy absolu," charting his heroically solitary and iconoclastic course through the literary Paris of the last century.

ENGAGED IN a history of Jardine Matheson, I was fascinated by Timothy Mo's An Insular Possession (Chatto & Windus £9.95). But one need not have that particular interest to be absorbed by this remarkably subtle and sensitive historical novel which vividly evokes the lives of the British and American occupants of the "factories" of Canton in the years before and during the First Opium War...

But there is another side to the portrait - his papers show that he harboured many strange and vast conceits and projects; for he dreamed of leading a Protestant coalition against the embattled Catholic powers, a plan that would perhaps have plunged Britain into a bloody European conflict...

MINE ARE J. G. Merquior's Western Marxism (Penguin, £3.95) by a young Brazilian critic and diplomat - a refined, detached and ultimately devastating account of "culture communism" in the West that concludes - after a lively account of Lukács the Hungarian, Gramsci the Italian, Brecht the German, Sartre the Frenchman and a scattering of their Anglo-American disciples - that the whole affair was an episode in the long history of irrationalism among Western intellectuals...

Finally, I commend Julian Wiseman's A History of the British Pig (Duckworth £12.95). It is a slim volume wonderfully well illustrated and brings home to one what splendid creatures pigs are - the Irish Greyhound pig could jump a five-barred gate - and what a contribution they made to good living and even to survival. The reign of the Conqueror saw their zenith. Demand for sheep led to their decline, but give me ham rather than lamb any day.

MY CHOICE this year is The Inman Diary (Harvard UP, \$50), the two volumes of which were carved by Professor Daniel Aaron from the 17-million-words left to posterity by Arthur Inman of Garrison Hall, Boston.

IN 1923, when Rebecca West's affair with that pocket satyr H. G. Wells, was grinding to a halt, she fell madly in love with Lord Beaverbrook. Sunflower, her novel, written then and published now (Virago Press, £9.95), is her account of that passion. Like the novel, the affair was unfinished for Beaverbrook, it appears, proved to be impotent - a revelation

On the historical side Charles Thomas's Celtic Britain (Thames and Hudson £12.50) throws a flood of light on that dark period in our history, after the departure of the Romans. He is our leading authority on the subject, and though a devout archaeologist who can devote archaeological jargon, he has written this book like a civilised man, and that pleased me.

Arthur was a Southern Gentleman and minor poet who, early in life, embraced chronic invalidism and chose to live in a permanently darkened room.

ALFRED DOBLIN is now best known in this country for his novel Berlin Alexanderplatz (1929) - largely because of Fassbinder's inept and overlong television adaptation of it, shown here, and because of Penguin's belated re-issue of Jolas's equally inept (but better-than-nothing) translation of it.

CHRIS FERRIS'S The Darkness is Light Enough (Michael Joseph £12.95). The five-year diary of a nocturnal animal vigilante in unlocated countryside near a motorway and evidently not far from a cornucopia. Sensitive, well-written and knowledgeable, this is a horrifying account of badger trapping, poaching and animal persecution which ought to alert everyone to the dangers currently threatening our wild life.

Through this room passed an amazing parade of "working girls" who, in return for \$1 an hour, were prepared to bare their breasts as well as their souls.

Love Unknown (Hamish Hamilton £9.95) by A. N. Wilson, is an accomplished and well-constructed novel about love and personal relations, which bears some comparison - at least in technique - with Jane Austen.

NOTHING I'VE read this year has seemed as important as La Douleur by Marguerite Duras (Collins, £9.95). It's autobiographical - set in Paris in 1945 - and it's about the kind of suffering you cannot even begin to convey. Duras relives the suspense and anguish of a woman waiting for her husband to return from a concentration camp; deportees flood into Paris and he's never one of them; she doesn't even know if he's alive or dead. In the event Robert L. was discovered half-alive among the corpses at Dachau by his friend Francois Mitterrand. Post-war literature has tended to leave concentration camp victims behind the wire; this book is about trying to receive one of them back into life. Duras simply presents what she experienced, and the result is one of the most powerful and harrowing pieces of writing I've ever come across.

WINNER OF THE BOOKER PRIZE FOR FICTION 1986 Kingsley Amis THE OLD DEVILS "There is one old devil writing better than he ever did." ANTHONY BURGESS, OBSERVER "A genius at full throttle." ROGER LEWIS, FINANCIAL TIMES "This is vintage Kingsley Amis..." VICTORIA GLENDINNING, THE TIMES "One not to be missed..." FERDINAND MOUNT, SUNDAY TELEGRAPH "Brilliant comic insight." ANTHONY THWAITE, Chairman of Booker Judges. £9.95 From LUCKY JIM to STANLEY AND THE WOMEN, read his past masterpieces in Penguin. HUTCHINSON



Face of Small White Yorkshire Pig (1886) - from "A History of the British Pig," one of the books of the year

My Book of the Year

Our reviewers choose the books published this year they have most enjoyed reading

the sharpness of the character-drawing, and the piquancy of the overlying problem evoke for me something of the English novel of half-century or more ago. B. A. YOUNG

AMBIVALENT AS I am between literature and history, two books have given me much pleasure this year. On the literary side I greatly enjoyed Joanna Richardson's The Brownings (Polio Society, £10.25). I learned more from it than any number of books about the Brownings, both of them. Perceptive and sympathetic, Miss Richardson is kinder to the old monster, Mr. Barrett, of Wimpole Street than I should be. But I put that down to the inexhaustible charity of women towards men.

On the historical side Charles Thomas's Celtic Britain (Thames and Hudson £12.50) throws a flood of light on that dark period in our history, after the departure of the Romans. He is our leading authority on the subject, and though a devout archaeologist who can devote archaeological jargon, he has written this book like a civilised man, and that pleased me. A. L. ROWSE

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BECAUSE HE'S been publishing several books a year for a quarter of a century (and 1886 was no exception), we are in danger of taking Anthony Burgess for granted. His obligation to the tool of his trade, Homage to QWERTY YUIOP (Hutchinson £19.95), however, proves him a pre-eminent literary pundit - our noblest since Chesterton. ROGER LEWIS

MY CHOICE is written by a man whose ego is only equalled by his compassion, although neither quite match the size of his mouth. Bob Geldof, Is That It? (Penguin, £3.95), tells the colourful story of pop star turned dedicated agitator for the dying in Africa. He is funny, frank and often four-lettered - but never boring. The unexpected bonus is an Irish felicity of phrase which makes it an unexpectedly good read. VALERY McCONNELL

AVIATION BOOKS have continued to proliferate, and sadly the quality of some is low, being little more than autobiographical war-time adventure stories of the air that have little general interest. That is why it was a joy to come across Alex Frater's Beyond the Blue Horizon (Heinemann, £12.95), which is an aviation travel book with a difference. Taking as his theme the early pioneering days of the long Empire air route out to Australia by Imperial Airways, Mr Frater set out to repeat the journey as closely as possible, using today's airlines (whose timetables and routes differ considerably from those of the early 1930s). His adventures en route were sometimes hilarious, sometimes less so, and his brushes with bureaucracies down the line sometimes made him feel like giving up. But he persevered. His style is light and cheerful, and easy to read. MICHAEL DONNE

PAUL BAILEY'S Gabriel's Lament (Jonathan Cape £9.95) had had luck to be pipped at the Booker post by Amis. Bailey's is a fine, sprawling novel in the Dickensian manner. Unlike too was the Japanese-born novelist who writes in English, Kazuo Ishiguro, with his Artist of the Floating World (Faber £9.95) which gave great insight into post-war Japan, guilt recollected with formal restraint. J. M. Coetzee's Foe (Secker & Warburg £9.95) did not reach the last six; it was a clever rewrite, by a former winner of Robinson Crusoe, from a young woman's viewpoint. All three novels were high points in my year's fiction reading. ANTHONY CURTIS

TREVOR WILSON'S The Myriad Faces of War (Polity Press, £35) is long and comprehensive but treats its subject matter, Britain and the Great War, in a way which constantly revives the reader's interest not just in military matters but in the war's paradoxical effect on the life of the home population. One can only admire Martin Gilbert's continuing Winston S. Churchill: 1941-45 Vol VI (Heinemann £20.00). In terms of world interest and importance, these are the crucial years in Churchill's life and this volume stands out as one of the very best Gilbert has produced in this monumental series. Elaine Feinstein's Badlands (Hutchinson, £9.95) contains a long poem sequence which demands re-reading and is difficult to forget. Alan, no novel but Scott's The Heart of Midlothian stood up to hours on Chinese railways. I tried. ZARA STEINER

SHANGHAI IS not all teahouses and smiling officials, as seen in film of the Queen's October visit. Its recent past comes violently to life in one woman's excellently written account of her arrest and subsequent surveillance during the Cultural Revolution. Life and Death in Shanghai by Nien Cheng, sooms the traumatic years 1966-80, more than six of which she spent in solitary confinement. Nien Cheng's progress through prison to eventual rehabilitation makes absorbing reading as it chronicles the behaviour of the Shanghai bureaucracy, wriggling to escape responsibility for her unjust fate and that of thousands more. COLINA McDUGALL

IN A YEAR of many hefty biographies, I enjoyed most Karen Osborne's intelligent and unpedantic account of the life of Elizabeth Von Arnim, Elizabeth, the Author of the German Garden (Bodley Head, £15.00). Ms Osborne was helped by the extraordinary nature of her subject's life which reads more like fiction than her, now republished, novels. Vladimir Rybakov's first book, The Burden, was a fictionalised account of the author's experiences as a Russian soldier on the China-Soviet border. Now in The Brand (Hutchinson, £10.95) he reappears as a dissident in Paris, having jumped ship to Norway. The title of the book indicates that all is not much happier for him out of Russia than inside. It is a raw piece of writing, uncomfortable to read, although also very readable, in which Rybakov's dream of the capitalist West is given a severe testing. RACHEL BILLINGTON

I FOUND Ralph Glasser's Growing Up in the Gorbals (Chatto and Windus, £10.95) one of the outstanding memoirs of recent years; a richly evocative book, recreating in sharply-etched and sentimental detail, with some memorable character studies, Glasgow tenement life between the wars. It pulses with the spirit that kept Glasgow alive through its worst post-war blues and brutal redevelopment (obliterating the world of Glasser's childhood) and made the city's renaissance possible. In a bumper year for fiction, Mary Wesley's The Vagabonds of Poppy Carew (Macmillan, £9.95) was highly diverting. Perhaps the enormous heroine isn't quite the equal of her previous golden girls but the appearance of some delightful characters from her earlier novels is a bonus in a wry and very funny scrutiny of the snares and delusions of intertwined love affairs. ALAN STRACHAN

formativeness Kurt Gänzl's The British Musical Theatre (Macmillan, £160 for two volumes), the first thorough history of this subject, ranging broadly, with every conceivable detail of production, critical reception and analysis, from Arthur Sullivan to Andrew Lloyd Webber, via the Oscar Asche spectacles, Coward, Novello, Ellis and Sandy Wilson. Mr Gänzl's decade of labour has produced one of the great works of cultural reference. MICHAEL COVENEY

RONALD BLYTHE'S Divine Landscapes (Viking, £14.95) is one of those rare books that inspire one to go further, to see more, in a particular direction. Andrew Sinclair's The Red and the Blue (Weidenfeld and Nicolson, £12.95) gives a Steadman title to a stylish book about Cambridge in the central years of this century, when politics and friendship combined to produce initially innocent fellow-travellers who (willy nilly perhaps) became traitors. I nominate these two as my books of the year. ISABEL QUIGLY

MY CHOICE, biographies of two femmes de lettres, born within three years of each other, but as different as a primrose to an orchid. Helen Waddell's translations of medieval Latin lyrics, fresh as the month of May, were one of the joys of my school days. I was delighted to learn from Helen Waddell: A Biography (Victor Gollancz, £16.95) that she was high spirited with a great gift for friendship, and a love of life as much as learning. Quite her opposite was Marthe Bibesco, who appears on the cover (La Princesse Bibesco, Perrin, FFR140), emerald bedecked, décolletage by Doucet, and worldly to her fingertips. I knew her as an old lady, proud, undaunted in adversity, weighed down with erudition and ancestry. In writing her biography, Ghislain de Diesbach has had access to 72 boxes of her private papers, and tells very well the multi-coloured story. JANE ABBY

IN MY view Bryony and John Coles's Sweet Track to Glastonbury: The Somerset Levels in Prehistory (Thames and Hudson, £18.00) is the best archaeological book of a year which has produced many lovely and good books. It is not only a model archaeological monograph, beautifully put together with excellent photographs, drawings and maps, but eminently readable for layman and professional alike. One of the best and most worthwhile examples of archaeological haute vulgarisation: the sort of book every professional archaeologist should try to achieve once in a lifetime. GLYN DANIEL

THIS YEAR, as last, Rachel Ingalls has produced a volume of novellas which I enjoyed very much. The Pearlkillers (Faber, £9.95) contains four dark and haunting tales, written with a precision and an economy which make their terrors (and their sometimes dark humour) even more powerful. At Mother's Request by Jonathan Coleman (Hamish Hamilton; £14.95) is also chilling but fact rather than fiction. It is an awful and awfully fascinating story. CLEMENT CRISP

NO HACK hooked on reference books can fail to give four cheers for The Dictionary of Cultural Biography, 1971-80, edited by Lord Blake and C. S. Nichols (Oxford, £60); proof positive if proof were needed, which it is not - of humankind's infinite variety, unpredictability, and sheer dottiness. John Updike's latest novel, Roger's Version (Andre Deutsch £9.95) is a tour de force from a New Englander whose use of English bestials this year's home-grown fictions hands down. GAY FIRTH

ONE can only admire Martin Gilbert's continuing Winston S. Churchill: 1941-45 Vol VI (Heinemann £20.00). In terms of world interest and importance, these are the crucial years in Churchill's life and this volume stands out as one of the very best Gilbert has produced in this monumental series. Elaine Feinstein's Badlands (Hutchinson, £9.95) contains a long poem sequence which demands re-reading and is difficult to forget. Alan, no novel but Scott's The Heart of Midlothian stood up to hours on Chinese railways. I tried. ZARA STEINER

SHANGHAI IS not all teahouses and smiling officials, as seen in film of the Queen's October visit. Its recent past comes violently to life in one woman's excellently written account of her arrest and subsequent surveillance during the Cultural Revolution. Life and Death in Shanghai by Nien Cheng, sooms the traumatic years 1966-80, more than six of which she spent in solitary confinement. Nien Cheng's progress through prison to eventual rehabilitation makes absorbing reading as it chronicles the behaviour of the Shanghai bureaucracy, wriggling to escape responsibility for her unjust fate and that of thousands more. COLINA McDUGALL

IN A YEAR of many hefty biographies, I enjoyed most Karen Osborne's intelligent and unpedantic account of the life of Elizabeth Von Arnim, Elizabeth, the Author of the German Garden (Bodley Head, £15.00). Ms Osborne was helped by the extraordinary nature of her subject's life which reads more like fiction than her, now republished, novels. Vladimir Rybakov's first book, The Burden, was a fictionalised account of the author's experiences as a Russian soldier on the China-Soviet border. Now in The Brand (Hutchinson, £10.95) he reappears as a dissident in Paris, having jumped ship to Norway. The title of the book indicates that all is not much happier for him out of Russia than inside. It is a raw piece of writing, uncomfortable to read, although also very readable, in which Rybakov's dream of the capitalist West is given a severe testing. RACHEL BILLINGTON

I FOUND Ralph Glasser's Growing Up in the Gorbals (Chatto and Windus, £10.95) one of the outstanding memoirs of recent years; a richly evocative book, recreating in sharply-etched and sentimental detail, with some memorable character studies, Glasgow tenement life between the wars. It pulses with the spirit that kept Glasgow alive through its worst post-war blues and brutal redevelopment (obliterating the world of Glasser's childhood) and made the city's renaissance possible. In a bumper year for fiction, Mary Wesley's The Vagabonds of Poppy Carew (Macmillan, £9.95) was highly diverting. Perhaps the enormous heroine isn't quite the equal of her previous golden girls but the appearance of some delightful characters from her earlier novels is a bonus in a wry and very funny scrutiny of the snares and delusions of intertwined love affairs. ALAN STRACHAN

UNDoubtedly The House of Commons 1790-1820 in all its five volumes. A biography of every single Member of the House plus a description of every constituency, general elections and by-elections, may not be the only way of writing political history, but it is one that no future works on the period can ignore. It was also an exceptionally interesting time: the years of Pitt and Fox, of the Napoleonic wars, of agitation rather than reform, before political parties became dominant and when a surprising number of elections went uncontested on the grounds that "a good dinner is a far better thing than a poll." This is the sixth section in a series designed to stretch from 1386 to 1832. Published by Secker & Warburg for the History of Parliament Trust, no library should miss it, even though it costs £295. MALCOLM RUTHERFORD

THERE IS now an annual avalanche of books about television, yet despite the millions poured into the "meier

studies centres, from which most of them emanate, a small amount of truly original research material which is of any interest outside those places is minute. From this year's case it is worth mentioning just one title: The Darkened Rooms by Laure Taylor and Bob Mellan (Chatto & Windus, £9.95). The organising 20 discussion groups involving 193 people and listening at length, the authors have come up with fascinating conclusions about how viewers see television, what they really think about their favourite programmes, and what they believe about the Wagnus and Baines. It is myth-smashing, eye-opening stuff, and quite different from any other book on the subject. CHRISTOPHER DUNKLEY

MICHAEL POWELL'S A Life in Movies (Heinemann £15.95) is an autobiography by British cinema's great enchanter, the director of Matter of Life and Death, Black Narcissus and The Red Shoes, with peerless recall and fearless candour, it is a life in the movies; by a man who put life in the movies; to a greater degree than any other British film-maker bar Hitchcock. NIGEL ANDREWS

I KNOW it is a sombre choice but my first for 1986 is Martin Gilbert's Holocaust compulsory reading lest we begin to forget. (Collins, £17.50). As one who aspires to write a major political biography, I find Robert Rhodes James' Anthony Eden: An Unfinished Study, a model to follow. By far the most intriguing book of the year was Tom Clancy's all too real thriller about a defecting Soviet submarine. Hunt for the Red October even more intriguing for the fact that its American publisher is the US Navy Press. Who is trying to tell whom something? TED ROWLANDS

I PARTICULARLY enjoyed Donald J. Olsen's The City as a Work of Art: London, Paris, Vienna (Yale UP, £18.95). First of all it is about the three great nineteenth century cities that I love, and secondly the author succeeds in extending the rigid boundaries of art history. Olsen's approach reverses the view of the city as a plague pit or jungle. He rejoices in the visual attractions of London, Paris and Vienna and enjoys their facilities for pleasure, idleness, luxury and all the aspects that transcend the merely utilitarian. COLIN ANERY

"ENJOY" IS not the word. Nonetheless I choose The Harvest of Sorrows by Robert Coquest (Hutchinson, £16.95) and The Holocaust by Martin Gilbert (Collins, £17.50). They record Soviet mass-murder in the Ukraine and Nazi mass-murder respectively: twin horrors of this century. Both are landmark books, in that the criminals described were certain that documentation of this kind would never see the light of day. I find it heartening - a matter for pride, indeed - that two such books should have appeared here more or less simultaneously. In both cases, the grasp of difficult material is as impressive as the narrative drive. DAVID PRYCE-JONES

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LITERARY COMPETITIONS



This year there are two separate competitions. You may enter for either or both. As you see the date has been brought forward in order that the announcement of the winners and the report on the competition entries shall appear during the Christmas festivities.

PROBLEM KIDS
"Client feels himself to be inadequate. Has dropped out from university in Germany while studying moral philosophy. Talks a lot to himself. During frequent periods of insomnia says he sees the ghost of his father (who died about a month ago after a picnic lunch, complaining of an ear infection). Father tells him he was poisoned by his brother (client's uncle). Urges client to take revenge on this man, a heavy drinker, who has appropriated the family concern, and moved in with client's mother, rather an insensitive woman. Recommend referral to GP for possible psychiatric assessment and regular supervision meanwhile. Note: find out if there is a local Eijsmore group for adolescents with family problems."

Annie, Pinkie (in Brighton Rock), Lolita, Adrian Mole or any other fictional character of your choice.

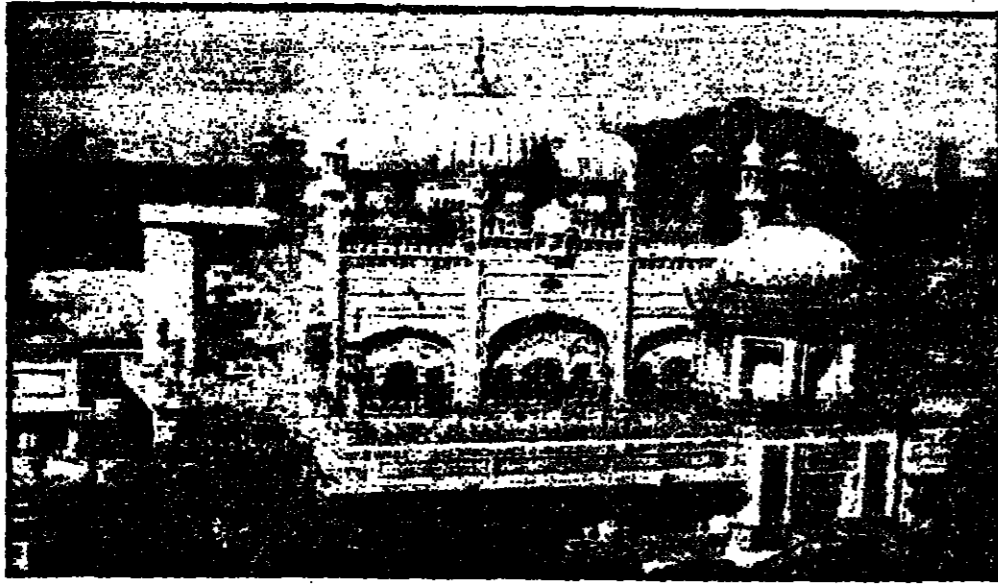
FANAGRAMS
T. S. Eliot is referred to in Alan Bennett's play Kafka's Dick in the anagrammatic form - TOLETS. This clearly opens up a wide field. Please send anagrams of the names of authors, musicians, painters, sculptors, performers on stage or screen, politicians, journalists, celebrities of any kind, alive or dead. You are allowed as many tries as you can legibly cram onto one postcard.

The closing date for entries in both competitions is Tuesday, December 16. Entries should be addressed to The Literary Editor, Financial Times, Bracken House, 10 Cannon St, London EC4A 3DF. If you wish to enter for both competitions you may use one envelope. Results with winning entries will be printed in the Weekend FT on Saturday December 27. The first prize for each competition will be £100 and there will be several lesser prizes.

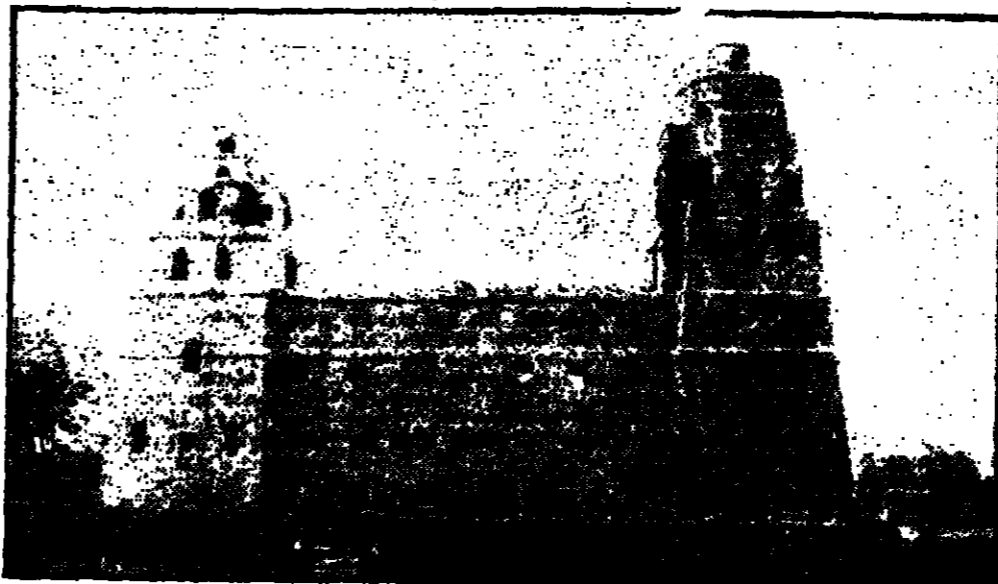
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ARTS



The Bhong mosque in Pakistan



The Mud Yaama mosque in Niger

Islam builds in style

A THOUSAND flambeaux are reflected in the pool above the... The setting is the ruined Badi palace in Marrakesh on the occasion of the 1986 Aga Khan Awards for Architecture...

with dissenting statements from architects Mehmet Doruk Pamir from Turkey, and Austria's Hans Hollein, who deplored the lack of an award to Louis Kahn's Sher-e-Bangla Nazim capital complex in Dhaka...

tion—aided by computerisation—its flexible housing plans and the sense of place created by a diversity of pedestrian streets linked with open public spaces...

in Istanbul, completed in 1970 by architect Sedad Hakkî Eldem. This project consists of a series of terraced pavilions echoing the hilly topography of the site...

Destruction of the Islamic architectural heritage is of concern to the Aga Khan, and awards have always been made to conservation projects. This year there was an award to the restoration of the Al-Aqsa mosque in Jerusalem...

there has been no dissent about this award, which is resolved, dignified and deeply religious. Much more contentious, however, has been the award to the Bhong Mosque in south-eastern Punjab in Pakistan...

The contradiction apparent between the deep social concerns of the jury and the opulence of the award ceremonies and banquets and seminars, did not escape one well-known third world architect, who left in protest...

This is the third of the triennial Aga Khan Awards, but this time there has not emerged any clear architectural image, any project to catch the imagination and signal the shape of Muslim aspiration...

Nevertheless, the exclusion of the Kahn project, also indicates a dissatisfaction with western interventions in the Muslim sphere. Prizes for the award amount to \$50,000 and are shared not between client, authority and architect or community concerned...

had been sympathetically designed, has since been radically altered. However, it is a measure of the prestige of the Aga Khan Awards that the Turkish Minister of Labour and Social Security, present to receive the award, was moved to undertake to restore the building to its proper function...

Deanna Petherbridge reporting from Marrakesh on this year's Aga Khan architecture awards

The scheme imaginatively recreates traditional courtyard houses with sleeping platforms and access stairs oriented into the prevailing winds. Traditional construction is used, and the austere brickwork of blank facades and secluded pedestrian passageways is relieved with occasional simple decorative devices...

Sensitivity to the urban context was an important consideration in awarding a prize to the social security complex

Osud—a Pountney production's certainty of taste and response is one of its rivetingly memorable features. For those still unsure of the exact meaning of the word "naïf," a visit to this new Carmen will provide a full, response to the whole opera. (At its best—in, say, *Rusalka* or four-part enacted definition.

Not that the modern world, for Trauner, needs many changes to make it that. Recently it was startling to find his name on the credits of the futuristic French fantasy film *Subway*. In his 90s, he is now going into sci-fi.

By the time the New Wave came along to bedevil French cinema and its craftsmanship traditions, Trauner was already in global demand. He worked fondly and frequently with Billy Wilder ("a great writer, a great wit") and Joseph Losey ("the fastest director I ever knew—he knew absolutely what he wanted"). And he worked

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THE MOST important innovation in the new English National Opera *Carmen*—the only important innovation, let it be said, in the whole concerns the setting. In David Pountney's production, designed by Maria Bjornson, the gypsy world has been reinvented for the modern age, and cluttered with the artefacts of the modern gypsy occupation—car-breaking. The stage is strewn with car wrecks and littered with the detritus of rootless poverty (old clothes, lying in piles, seem also to have been flung all over the landscape). A huge billboard image of a conventional *Carmen* female image dominates the first two acts. But that is all there is of conventional "Spanishness" in the staging.

A rubbish-dump Carmen

gypsy—all behave in the same louché, loudmouth, arms-akimbo manner, apart from Micaëla who skips about the stage like a nervous rabbit. With all these new-era ENO deletions, excisions, and re-movings goes the weakening of the framework for the tragedy of morals that Bizet created—and that, because he enclosed it at the centre of an *opéra-comique* comedy, remains one of the most disturbing in all all opera. Or should it: there is nothing in the Coliseum *Carmen* that could remotely be called disturbing, except perhaps the extent to which boredom overshadows the experience of the production.

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FILM DESIGNING is like illustrating a book," said Alexandre Trauner. "You create pictures—memories—to go with the story. And if you do it well, the audience will remember them all his life." Imagine that a balloon carrying the world's top dozen movie designers runs into trouble at 10,000 ft, and all but one have to be thrown out. The lone survivor would undoubtedly, if picked on merit and achievement, be Alexandre Trauner. At 80, this Hungarian-born Paris-based artist is a pocket history of world cinema since the 1930s.

almost more real than the real thing—is at the visual heart of Trauner's highly-praised new film *Around Midnight*, opening in London next week.

almost more real than the real thing—is at the visual heart of Trauner's highly-praised new film *Around Midnight*, opening in London next week. I bearded him in his Seine-side flat. A grumpy-like character guarded by a housekeeper and dachshund, he still sports a strong middle-European accent. I told him first how gratifying it was—at least to me—to see studio design creeping back into movies, 30 years after the French New Wave and its zeal for location shooting threatened to outlaw it forever.

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create *nouveau* of Paris: hints, memories. In a way, they are a little like clichés. But these clichés, put together, create a kind of style, a charm." In recent times, art directors have been among the chief victims of the so-called "auteur theory": that half-baked creed which attributes every merit in a good film to the director and scarcely ever credits the contributions of his craftsmen and technicians. Does Trauner ever feel aggrieved that he is one of cinema's unsung creators?

"The most important thing in a film is the story," he says categorically.

"The most important thing in a film is the story," he says categorically. "Second most important, the actors; they must carry the story. Third is the director. After him come the technicians—the cameraman, myself, the composer. Now all these things must work together. But the most important thing always is a good story, a good script. Decades in the cinema came at the moment when the script was not written down, when the directors said: 'We will have a blank canvas, and we will shoot and invent the film as we go.'"

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Solution to Chess No 648: 1 R-R2, if 1...K-K6; 2 Q-R4, K-B6; 3 Q-B4 mate. If 1...K-B4, Q4 or K4; 2 R-R5 ch and mate next move.

Radio Russians abound

RADIO 1 (to which I seldom listen) is on a promising thing with Action Special 19+, a programme designed to "help yourself to get a job" in its own phrase. It's a dozen times a day. Simon Bates introduces little reports from listeners who have succeeded in finding work, with details of how they did it, and where they got help. There are also programmes on Radio 2, Radio 4 and local radio stations, and a helpful booklet of information. Listeners are given a Freefone telephone number for more help.

This should reconcile Mr Tebbit as he gnashes his teeth over Ken Livingstone, the current incumbent of Jimmy Young's seat on Radio 2. But although his "boring old nasal drone," as he called it, is not from a simple tale of how Livingstone has a good radio manner, and to judge from his sporadic listening, he talks friendly, unpolitical sense.

Radio 4 joined in the Russian spell on Sunday afternoon, with Paul Copley's *On My Dog*. This was a simple tale of how Nancy's trans-Siberian holiday (some people will go anywhere for a change) passed by Chernobyl on the very day of the leak. Nancy learnt about the leak from the British Embassy, but the Russians kept mum. A subplot tells how the Polish builder, Nancy's English home had been exiled in Siberia as a boy because his parents were capitalists. I thought it all superficial, and the potential tension was never reached. Ned Chaillet was the director.

Indeed it wasn't a very bright week for Radio 4 drama. *Fig Away Home*, by William Humble, the Monday Play, dealt with the inability to grow up—a weakness only too common nowadays, and so perhaps a suitable subject for this spot, which is where the socially conscious plays go on. Tim, played by Hywel Bennett with a belch for anything that seemed to him bourgeois, is one of three young people. His friend Robbie becomes a doctor and devotes himself more to his children than to his wife or his work. His friend Andy remains a grown-up teenager. Tim works on a newspaper, pretends to be writing a novel but never does, and confines his domesticity to fondness for his son Matthew. His continued undomesticity makes him leave home, where Matthew, deprived of proper care, dies. "Now I long for what I destroyed," Tim says, expressing the motto of the play.

B. A. Young

RAY SMITH GALLERY, 118 HAGGS ROAD, GLASGOW G41 4AT. TEL 041-423 1780. PRESENTS SALE OF NANKING PORCELAIN (CIRCA 1750).

Direct from Christies Sale in Amsterdam in April this year. eg. Peacock Riveted Teabowl and Saucer £120. Boatman and Six Flower Border Plate £60.

- Cloisonné, Silver and Jade, direct from The Peoples Republic of China (probably the best show in UK).
- Meissen Porcelain.
- Paintings by some of Scotland's top contemporary artists, including J. McIntosh Patrick.
- Fine 19th Century Paintings, including Marcel Dyf.

AT PITLOCHRY KNITWEAR SHOP, PEASCOD STREET, WINDSOR. Opposite Post Office. Ample Parking. Open 9 am-5.30 pm Tuesday 2 December to Saturday 6 December 9 am-8 pm on Thursday 4 December.

British Museum has bought pieces from the Nanking Cargo, now you have an opportunity to buy, complete with Certificate of Authenticity.

Bösendorfer LONDON PIANO CENTRE. Bösendorfer London Piano Centre wish to advise our clients that due to present currency exchange rates, there will be an inevitable price increase of 15% across the range of pianos from the last December 1986. All orders received prior to this date will be supplied at today's price. For assistance and advice call 01-486 3111 or 01-936 7373. 38 Wigmore Street, London W1M 0PP/Great Cards welcome.

38 WIGMORE STREET, LONDON W1M. Tel: 01-486 3111 or 01-936 7373.

are pure imagination, they are an architecture of the mind. But you can live inside them, you can live in them. It is like good film design. You can take the surreal, the fantastic, and make them livable in. And equally, you can take the ordinary and make it a little special, a little bit surreal." Not that the modern world, for Trauner, needs many changes to make it that. Recently it was startling to find his name on the credits of the futuristic French fantasy film *Subway*. In his 90s, he is now going into sci-fi.

"What is science-fiction?" he asks back. "For me today, everything is science-fiction already. There is science-fiction in London and Paris. Science-fiction is simply the element of surprise. It is everywhere. And you do not invent these things, they come out of reality. It is the same with surrealism which we talk about. It is just surprise, wonder. To photograph a piece of bread or a dog walking in the garden, that is already a surreal act—to 'capture' reality. So just to add on thousands of years and film something in the future, that does not make the world more fantastic. The miracle of life is today. The very fact we are surviving. Every day is a surprise for me. That, I think, is the real surrealism."

Nigel Andrews

Well, can snooker live without Higgins?

With the game's bad boy up to his notorious tricks once more, Michael Thompson-Noel describes the spirit of ruthless enterprise that dominates boom-time snooker.

BLACKENED and singed by a hundred skirmishes, the moth flew into the flame this week. For most of his waking hours, former world snooker champion Alex 'Hurricane' Higgins acts, walks, talks, looks and sounds like an invention of the tabloid press—a prince of excess so unswervingly addicted to the urges of self-destruction that his entire life, it seems, is played out in the murky confines (112 lbs by 141 ins) of the front page of Sun and Star.

Hurricane, after all, who sparked the modern growth (or reinvention) of professional snooker by his whirlwind manner of his first raid on the world title in 1972. For ten years after that he remained by far and away the biggest box-office draw on the circuit, despite a decade of tantrums, brawls, scandals, reprimands, fines and big bad headlines.

By April 1982, however, even his most ardent supporters were despairing of him. Yet he regained the title, beating Ray Reardon in the final. "How he won it, God only knows," one of his many former managers marvelled later. "During sessions he was sat there reading the Bible. He was sucking a crucifix. I couldn't believe it. Bloody rabbits' feet everywhere."

As chance would have it, some of the best clues to Hurricane's personality, and to the nature of modern professional snooker, are contained in Pocket Money, by Gordon Burn, which was published this week. A better sports book you will not find this year, for with great forensic skill Burn investigates the rifts, rivalries and razzmatazz of a game that in the past seven years has been transformed from a small-time sport played mainly in seedy backrooms (and at the Garrick Club) into a virulent branch of the leisure industry.

On the subject of Hurricane, Burn is crisp and fair. "When it wasn't sex it was drink," says Burn, "and when it wasn't drink

it was violence. In the classic Higgins scenario, you got all three... The paradox was that his talent depended on the very impulses which constantly threatened to destroy it. It was one which, 14 years after he

first stepped into the limelight, he was still trying to wrestle to the ground."

One of the most illuminating quotations in Pocket Money is from Barry Hearn, the entrepreneurial power-house—and

lover of the folding stuff—whose Matchroom stable of top players—including Steve Davis, Dennis Taylor, Tony Meo, Neil Foulds, Terry Griffiths, Willie Thorne and Jimmy White—is at the centre of the glittering global web that snooker has become. "I've been waiting for Higgins to be destroyed for years," Hearn tells Burn. "He's looking worse and worse. There's nothing on him. Sores all over his face... But the fact is people like watching the process. This is what I think is one of the biggest things in our game."

Hurricane is by no means the only personality who lights up Burn's text on the circuit. Some have tiny walk-on parts, like Donald Treford, editor of the Observer ("a small man with a walking stick and a quiff like Laurence Harvey's in Expresso Bongo"), or the unnamed Star writer who breezes into a tournament at Reading wearing a satin Madonna blouse and black lace stockings, and makes a bee-line for Tony Knowles.

Some have slightly bigger roles, like promising bad-boy player Joe O'Byrne, who is tall, blond and brittle-thin, and whose natural expression most of the time "manages to suggest the innocence of the infant pyromaniac," or like PR person Greg Millard, who says that he mixes in "glitterati-type circles" and that he'd love to help Hurricane, subject to a "communications audit."



narrative, as they do the game—not only Hurricane and Hearn but the robotic Steve Davis, snooker's highest earner and most accomplished technician, and Davis's cantankerous mentor, Frank Callan. Unlike the "cuelists" such as Hurricane and White, who rely on instinct and intuition, Davis is not a natural snooker player. The technical aspects of his game—stance, grip, bridge-building and cueing action—need constant overhauling, as Callan tells Burn in the process of explaining why Davis is a three-times world champion and Jimmy White, for example, is not.

"There's five things you need to be a champion," says Callan. "Number one is: talent. So okay, Jimmy's got more natural talent than Steve has. Number two: bottle. That means Jimmy's still in the lead. Number three: dedication. Okay, so Steve's got more bottle than Jimmy's. Number four is: method. Steve is a methodical player. He knows his drill, which we've gone over and over in practice. So now we see Steve start to shoot in front. Number five: application. Now Steve is well away. Jimmy never plans his shots. He never thinks. Steve is always planning. The sixth thing you need, it goes without saying, is luck. I mean, you can walk down one side of the street and have an accident, or walk down the other and get rich. Are you with me?"

If possible, Pocket Money somehow engages an even higher gear when Burn is with Barry Hearn... Hearn's extraordinarily diverse talents easily encompass those of the market-profession, which gives him a vast, ruthless grip on reality and helps him ward off the fear that snooker's tarnished image is likely to frighten sponsors.

"If you tell me that people turn off snooker," Hearn says, "when Kirk Stevens comes on because they think he was or is or has been a drug addict, I'll tell you you're crazy... At the end of the day, the only thing sponsors wanna see is the numbers... We're all in a numbers world... If you turn round to a sponsor and say—oh, drugs, women, topless, bottomless—the reaction of a good marketing and advertising man should be: 'Tell me what the ratings were.' That's the only reaction."

Others are not so sure. Former world champion Ray Foweraker, for example, says that the only thing the players want to do now is make money, while Barrie Gill, a noted sports promoter, warns: "Snooker has relied on sheer cheek to get it where it is, but it has reached a plateau. The next step is critical. The whole game needs a rethink and a restructure... Everything hasn't got to be money, money, money."

Pocket Money, William Hichmann, £9.95.

On the newspaper tipsters' records this year, you might have done better using a pin Decline of the punter's only friend

THE BIG RACES in Britain today include the Mecca Bookmakers' Handicap Hurdle at Sandown, with £16,000 added prize-money, and the Ladbrokes Hurdle at Cheltenham, which has £5,000 added.

By spending a small fortune on sponsorship, the bookies help ensure that a much larger fortune in the form of betting losses, finishes in their hands. Traditionally, the punter's only friend in his battle with the bookies is the newspaper tipster, whose toil in the hide-

ous vale of prophecy exacts a toll, in blood and tears, that is possibly unmatched by that of any other journalistic species. Which is all very well. But how good are the tipsters? The answer, I'm afraid, is that they do what they can, but that the odds are so stacked against them that the average punter could possibly outperform them by sticking in a pin, or consulting the tea-leaves.

To grasp the bigger picture, let us examine briefly the final naps table for the 1986 flat racing season, which covered the period from March 20 to November 8 and monitored the performances of 35 tipsters from the dozens of the national press to humbler specialist scribes. It tells a sorry tale. Of the 35 tipsters, only eight finished with a profit, led by Charles Fawcus of the Sunday Mirror,

whose final profit was £46.45, and the Guardian's redoubtable Basilfin. In contrast, 27 of the tipsters finished with a loss, ranging from the £1.73 misadventure of Hotspur of the Daily Telegraph to the thumping £90.38 loss sustained by Cayton of the Morning Star (Mr Gorbachev please note).

The longest sequence of daily winning naps was that recorded by the Sunday Express (seven); the longest sequence of losers was Cayton's 57. All told, the average loss per head for each of the 35 tipsters was £16.53—which makes you pause and wonder, because if the professionals cannot get it right, what chance do you or I stand, labouring in the dark? Why do the tipsters perform so badly? The answer has nothing

to do with betting tax, because for the purposes of the table, tax deductions are ignored. On the other hand, the bookies' own margin or rake-off, which can be put at 10 per cent, is built, like a cancer, into the marrow of the starting prices. This is one of the main reasons why the tipsters struggle to show a profit, and why the mugs who bet seriously usually go broke.

The myth that "form" players enjoy any serious advantage over "hunch" players was elegantly exploded by Joe Scarnie, an American gambling consultant, who said that the calculations of the form players—the so-called smart bettors—seldom gave many of them the same answer, which is the simple explanation of why bookies grow rich.

"Even the professional handicapper," said Scarnie, "spilled as he may be, has a real job on his hands. This is a complex problem involving the mathematics of odds, fractions, fractional times, track conditions, performance weights carried, past positions, and a dozen other contributing factors. No matter how carefully they have weighed and divided and multiplied and compared these factors, fate will deal most of the cards.

These days, my own approach to racing is elegant and refined. I back horses that seem to be jockeys that wink; trainers that trip, and any owner whose wife or companion is wearing green shoes. It is not so much a system as a cosmic discovery. The money I give away.

FT CROSSWORD PUZZLE No. 6,190

CINEMILE crossword puzzle grid with numbers 1-26 indicating starting points for clues.

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4A 3DF. Solution next Saturday.

- ACROSS: 1 First place in dictionary for article about pain (6); 4 Lose energy, being dismissed at cricket by Old French's XI (3, 3, 2, 5); 9 Spoil arrangement of princess's headgear, nearly (7); 11 Ambassadorial quality? (10); 12 Run accompaniment of... (4); 13 Call for physical training in the basement? (6); 14 Princess turns a hair, involved with man (6); 16 Advance of giant curtailed in papers (6); 18 Body fluid: when head's removed, fly at speed (5); 20 Are you acquainted with, one might say, a goddess? (4); 21 Wife, relative to critter? (4, 5); 23 Poisonous flower—it is found in a strobilus (7); 24 Old blue in wild briar—it is a narcotic plant (7, 6); 26 The last word—Finnish (6).

- DOWN: 1 A qu-quandary? Stick! (5); 2 Try clue for eating with (7); 3 Badge of English city in SW France with a great deal of character (9); 5 Amalgamated in the sun, if you like (5); 6 Officer commanding to raise rebel in time for revolution (7); 7 Wild tree, top of branches awfully thin, producing turpentine (9); 10 I say I'm not given to ill-feeling (9); 13 Cope with curls, perhaps, with blood? (9); 15 The Wessex novels without the poems, or vice versa, susceptible to frost (4-5).

SOLUTION AND WINNERS OF PUZZLE No. 6,184. Mrs P. Cook, Edinburgh; Mrs B. A. Hulme, Sale, Cheshire; Mrs B. Wrench, Felixstowe, Suffolk; Mrs R. P. Faton, Castle Douglas, Kirkcubrightshire; Mr F. R. Harrison, Seaview, Isle of Wight.

SATURDAY

Indicates programme in black and white. BBC 1: 8.30 Family-Ness, 9.35 The Muppet Babies, 9.50 Saturday Surfers, 12.15 pm Grandstand including 1.30 News Summary, Rugby League (Wigan v Leeds), Cricket: Second Test (Australia v England), 2.30 The Champions UK Championship; Netball (Evan Marshall International); Racing from Cheltenham—Football Focus, half-time and full-time scores and a 4.35 Final Score, 5.05 News, 5.15 Regional Programmes, 5.20 Doctor Who, 5.45 All Creatures Great and Small, 7.15 Royal Variety Performance in the presence of Queen Elizabeth, the Queen Mother, 8.40 News; Sport, 8.55 The Royal Variety Performance (part two), 10.20 Snooker (Tennants UK Championship). BBC 2: 2.00 pm Saturday Cinema: "Once Upon a Honeycomb," starring Gary Grant, 3.50 Schools Prom, 4.40 Snooker: Part 1 of the final of the Tennents UK Championship, 5.05 News, 5.15 International Bridge Club, 6.45 Cricket: Second Test, 7.10 News, 7.50 Saturday Review, 8.40 West Coast, 9.10 Domesday, 9.55 The Film Club: "Detective", 11.25 "Alpha-ville". LONDON: 6.55 am TV-am Breakfast Programme, 9.25 am News, 11.00 Knight Rider, 11.55 News, 12.30 am Saturday Night, 12.30 am Saturday Night, 12.30 am Saturday Night, 12.30 am Saturday Night.

TELEVISION AND RADIO

9.50 4 What It's Worth, 10.20 The Heart of the Dragon, 11.15 Treasure Hunt, 12.20 pm Leisure The Slave Girl, 12.50 Channel 4 Race, 1.30 Enchantment, David Niven stars with Evelyn Keyes, 4.50 Guinness, 5.05 Brookside Omnibus, 6.00 Right to Life, 6.30 The Great Australian Boat Race: The America's Cup, 7.00 News Summary, followed by 7 Days, 7.30 The Khans of Pakistan, 8.00 News, 8.30 Redbus, 8.50 Paradise Postponed, 10.00 Hill Street Blues, 11.00 Who Dares Wins, 11.45 Six of Hearts, 11.45 am The Twilight Zone. S4C WALES: 10.30 am Union World, 11.00 A Week in Politics, 11.45 What the Papers Say, 11.55 Three Keaton Shorts, 12.50 pm Racing from Sandown, 3.10 Equinox, 4.10 Features Film: "The Funch and Judy Man", 6.00 Gardeners' Calendar Roadshow, 6.30 Nasser, 7.30 Newyddion, 7.45 News, 8.15 Sunday, 8.30 Y Maes Chware, 10.35 Soap, 11.05 Features Film: "Mandy", starring Phyllis Calvert and Terence Morgan. IBA Regions as London except at the following times: ANGLIA: 11.00 am Captain Sargent and the Mystarons, 11.30 The Jacksons, 1.20 pm Scamcrow and Mrs King, 12.30 am Marching Parade. BORDER: 11.00 am The Greatest American Hero, 1.50 pm Curling from Edinburgh Ice Rink, 12.00 Curling. CENTRAL: 11.00 am Spiderwoman, 11.30 Runaway Island, 1.20 pm Airwolf, 2.15 Who's the Boss?, 12.00 Legends of the West: Barbarosa, starring Willie Nelson, Gary Busby and Gilbert Roland, 1.40 am Central Jobholder. CHANNEL: 11.00 am Otherworld, 11.58 Today's

SUNDAY

Indicates programme in black and white. BBC 1: 9.15 am Morning Worship, 10.00 Asian Magazine, 10.30 Ideas Unleashed, 10.55 Buongiorno Italia, 11.20 Lyn Marshall's Everyday Yoga, 11.30 Parent Programme, 11.45 Television, 12.10 pm Sign Extra, 12.35 Farming, 1.00 This Week Next, 2.00 East Enders, 4.30 Snooker (Tennants UK Championship), 5.10 Domesday, 5.50 David Copperfield, 6.20 Liffelife, 6.30 News, 6.40 Songs of Praise, 7.15 Twenty Years of the Two Ronnies, 7.35 The Tennants UK Championship, 8.00 The Singing Detective, 10.05 News, 10.20 Everyman: The Miracle of Intervale Avenue, 11.00 Snooker. BBC 2: 9.45 am Open University, 10.35 Stua Peter, 11.20 The Children of Green Kinnis, 11.50 Windmill, 12.50 pm No Limits, 1.40 Rugby Special, 2.20 The Week in the Lords, 3.00 Film: "Kiss", 4.30 Music in Camera, 5.25 Cricket: Second Test (Australia v England), 5.50 Thinking Aloud, 6.15 The Money Programme, 7.15 The Natural World: The Elephant Challenge, 8.05 Television On Trial, 10.10-12.10 am Film: "Felixes" starring John Turturro, Sally Kellerman and Scott Bree. CHANNEL 4: 9.25 am Sunday Extra, followed by News, 11.00 Worst Gummies, 11.30 The Waltons, 12.30 pm The Tube, 2.00 pm "A" Programme, 2.30 "Chandrika" (in Hindi with English subtitles), 4.45 World Alive: Spain, 5.15 News Summary, followed by The Business Programme, 6.00 American Football, 7.15 The World at War, 8.15 Mozart's Piano Concerto No. 21 in C Major, 8.45 There's No Disgrace in Working, 9.25 "The Heart of the Matter", starring Eddie Bracken, 11.25 O'Malley. S4C WALES: 9.00 am Hefoc, 10.00 The World This Week, 11.00 Worst Gummies, 11.30 The Waltons, 12.30 pm The Tube, 2.00 Redback, 2.30 Gramplan Sheppard Trips, 3.30 Features Film: "The Navigator" starring Buster Keaton, 4.15 7 Days, 4.45 Arwyddion Kyffwrdd, 5.15 The Business Programme, 6.00 American Football, 7.15 News, 7.30 Newyddion, 7.30 Trebor, 8.00 Pabot y Cwm, 8.00 Dechrau Canu, Dechrau Canu, 8.00 Dechrau Canu, Dechrau Canu, 8.00 Paradise Postponed, 10.30 Snowar.

TELEVISION AND RADIO

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